



# Buddy

**BUDDY PLATFORM LIMITED**

**ACN 121 184 316**

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## **PROSPECTUS**

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For an offer of up to 1,000 New Shares at an issue price of A\$0.08 (**Cleansing Offer**). The Cleansing Offer is included primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company.

This Prospectus also contains an offer of:

- (a) Executive Performance Shares to the Key Executives (**Executive Performance Shares Offer**); and
  - (b) Finance Options to the Majority Vendor (**Finance Options Offer**),
- (together, the **Additional Offers**).

This Prospectus is also being issued in order to facilitate secondary trading of the underlying securities to be issued upon the conversion of the Executive Performance Shares and exercise of the Finance Options.

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

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

# IMPORTANT INFORMATION

## General

This Prospectus is dated 1 April 2019 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

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

A copy of this Prospectus is available for inspection at the office of the Company at Level 2, 333 King William Street, Adelaide, SA 5000 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.4).

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

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

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

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

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

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

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

## Continuously Quoted Securities

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

## Exposure Period

No exposure period applies to the Offers.

## Speculative Investment

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

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

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

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

### **Forward-looking Statements**

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

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

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

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

### **Website**

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

### **Currency**

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

### **Rounding**

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

### **Time**

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

### **Glossary**

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

# CORPORATE DIRECTORY

## Directors

David McLauchlan – Executive Director & CEO  
Marc Alexander - Executive Director (as at 29 March 2019)  
Richard Borenstein – Non-Executive Chairman  
John van Ruth – Non-Executive Director  
Rosey Batt – Non-Executive Director

## Company Secretaries

Stuart Usher

## Registered Office

Level 2, 333 King William Street  
Adelaide SA 5000

## Website

<https://buddy.com/>

## Auditors

Nexia Perth Audit Services Pty Ltd  
Level 3, 88 William Street  
Perth WA 6000

## Share Registry

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

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

## Solicitors

DLA Piper Australia  
Level 31, Central Park  
152-158 St Georges Terrace  
Perth WA 6000 Australia

## Home Exchange

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

## ASX Code

BUD

## PROPOSED TIMETABLE

Event	Indicative Date
Lodgement of Prospectus with ASIC	1 April 2019
Offers Opening Date	1 April 2019
Cleansing Offer Closing Date	1 April 2019
Additional Offers Closing Date	2 April 2019
Issue of Executive Performance Shares and Finance Options	2 April 2019

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

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# 1. Details of the Offers

## 1.1 Background

On 6 February 2019, the Company announced that it had entered into a binding agreement and plan of merger (**Merger Agreement**) to acquire the entire issued share capital of Lifi Labs, Inc. trading as LIFX (**LIFX**) (**Acquisition**) and that it had received firm commitments in respect to a placement of 226,250,000 Shares to professional and sophisticated investors at an issue price of \$0.08 to raise a total of A\$18.1 million (before costs) (**Placement**).

Under the Merger Agreement, the Acquisition is conditional on, amongst other things, the Company obtaining the requisite Shareholder approvals. A notice of meeting was dispatched to Shareholders on 22 February 2019 (**Notice**) to seek the requisite approvals in respect to the Acquisition.

On 18 March 2019, the Company announced that it had entered into a term sheet pursuant to which, subject to entering into formal documentation, Luminous Wide Limited, LIFX's 51% shareholder (**Majority Vendor**) has agreed to defer payment of a portion of the cash consideration under the Merger Agreement and Eastfield has agreed to enter into a new line of credit. An addendum to the Notice was dispatched to Shareholders on 19 March 2019 (**Addendum**).

On 25 March 2019, at the general meeting of Shareholders, Shareholders approved (amongst other matters):

- (a) the issue of up to 454,545,455 Shares (**Total Minority Vendor Shares**) to the minority vendors of LIFX (**Minority Vendors**);
- (b) the issue of 92,764,379 Shares (**Eastfield Shares**) to Eastfield Lighting (Hong Kong) Co. Limited, a related body corporate of the Majority Vendor (**Eastfield**);
- (c) the issue of 226,250,000 Shares (**Placement Shares**) to sophisticated and professional investors identified by Bell Potter Securities Limited, the Company's lead manager in respect to the Placement; and
- (d) the issue of 4,444,444 Shares (**Executive Shares**), 24,000,000 Performance Rights (**Executive Performance Rights**) and 24,000,000 Performance Shares to the Key Executives.

Refer to the Company's announcement of 6 February 2019 and 18 March 2019 and the Notice and Addendum for further details in respect to the Acquisition.

The Company subsequently entered into a binding agreement with the Majority Vendor pursuant to which the Majority Vendor has agreed to defer a portion of the cash consideration (US\$12.5 million) due under the Merger Agreement and Eastfield has agreed to amend the loan agreement between Eastfield, the Company and LIFX (**Loan Agreement**). As part of the new Loan Agreement, the Company has agreed to issue to the Majority Vendor (and/or its nominee) 100,000,000 New Options in the Company (**Finance Options**). Refer to the ASX Announcements dated 18 March 2019 and 1 April 2019 for further details.

The Placement Shares were issued on 29 March 2019 and the Acquisition was completed on the evening of 29 March 2019 (Seattle time). On 1 April 2019, shortly following the lodgement of this Prospectus, the Company will issue:

- (a) 337,794,623 Shares to the Minority Vendors (**Minority Vendor Shares**), being part of the Total Minority Vendor Shares;
- (b) the Eastfield Shares;
- (c) the Executive Shares; and

- (d) the Executive Performance Rights.

The remainder of the Total Minority Vendor Shares under the Merger Agreement (being up to 116,750,832 Shares) will be issued upon receipt of certain documentation in connection with the Merger Agreement.

## 1.2 The Cleansing Offer

The Company is offering, pursuant to this Prospectus, 1,000 New Shares each at an issue price of A\$0.08 (**Cleansing Offer**).

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

## 1.3 Purpose of the Cleansing Offer

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

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

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

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

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

## 1.4 Additional Offers

- (a) **Executive Performance Shares Offer**



This Prospectus also includes an offer of Performance Shares (**Executive Performance Shares Offer**) to the Key Executives, being a total of 24,000,000 Performance Shares (**Executive Performance Rights**). The Executive Performance Shares Offer under this Prospectus is made only to the Key Executives (and/or their nominees).

The Executive Performance Shares offered under this Prospectus will have the terms and conditions detailed in Section 4.2.

The Executive Performance Shares Offer is being made with disclosure under this Prospectus facilitate secondary trading of the Shares to be issued upon conversion of the Executive Performance Shares. Issuing the Executive Performance Shares under this Prospectus will enable persons who are issued the Executive Performance Shares to on-sell the Shares issued on conversion of the Executive Performance Shares pursuant to ASIC Corporations Instrument 2016/80.

The Key Executives should refer to Section 1.8(b) for details of how to accept the Executive Performance Shares.

(b) **Finance Options Offer**

This Prospectus also includes an offer of the Finance Options (**Finance Options Offer**) to the Majority Vendor (and/or its nominee), being a total of 100,000,000 New Options. The Finance Options Offer under this Prospectus is made only to the Majority Vendor (and/or its nominee).

The Finance Options offered under this Prospectus will have the terms and conditions detailed in Section 4.3.

The Finance Options Offer is being made with disclosure under this Prospectus to facilitate secondary trading of the Shares to be issued upon exercise of the Finance Options. Issuing the Finance Options under this Prospectus will enable persons who are issued the Finance Options to on-sell the Shares issued on exercise of the Finance Options pursuant to ASIC Corporations Instrument 2016/80.

The Majority Vendor should refer to Section 1.8(c) for details of how to accept the Finance Options.

## **1.5 Purpose of the Prospectus**

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offers; and
- (b) ensure that the on-sale of the underlying Shares to be issued upon the conversion of the Executive Performance Shares and Finance Options is in accordance with ASIC Corporations Instrument 2016/80; and
- (c) ensure that the on-sale of the Minority Vendor Shares, Eastfield Shares, Executive Shares and Placement Shares does not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

## **1.6 Minimum subscription**

There is no minimum subscription for the Offers.

## **1.7 Opening and closing dates**

The Company will accept Application Forms for the Cleansing Offer until 5.00pm (ACDT) on 1 April 2019 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules

The closing date for the Executive Performance Shares Offer is 2 April 2019 (**Executive Performance Shares Offer Closing Date**). The Company will accept the Executive Performance Shares Offer Application Forms from 1 April 2019 until the Executive Performance Shares Offer Closing Date.

The closing date for the Finance Options Offer is 2 April 2019 (**Finance Options Offer Closing Date**). The Company will accept the Finance Options Offer Application Forms from 1 April 2019 until the Finance Options Offer Closing Date.

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

## **1.8 Application Forms**

### **(a) Cleansing Offer**

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

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

### **(b) Executive Performance Shares Offer**

The Executive Performance Shares Offer is an offer to the Key Executives (and/or their nominees) only.

Only the Key Executives (and/or their nominees) can accept the Executive Performance Shares under the Executive Performance Shares Offer. A personalised Executive Performance Shares Offer Application Form will be issued to the Key Executives (and/or their nominees) together with a copy of this Prospectus. The Company will only provide an Executive Performance Shares Offer Application Form to the Key Executives (and/or their nominees).

### **(c) Finance Options Offer**

The Finance Options Offer is an offer to the Majority Vendor (and/or its nominee) only.

Only the Majority Vendor (and/or its nominee) can accept the Finance Options under the Finance Option Offer. A personalised Finance Options Offer Application Form will be issued to the Majority Vendor (and/or its nominee) together with a copy of this Prospectus. The Company will only provide a Finance Options Offer Application Form to the Majority Vendor (and/or its nominee).

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

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

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

## **1.9 Issue and Dispatch**

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

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

## **1.10 Application Monies held on trust**

All Application Monies received for the New Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

## **1.11 ASX Quotation**

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

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

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

## **1.12 Withdrawal**

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

## **1.13 CHESS**

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

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

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

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

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

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

## **1.14 Residents outside Australia**

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

## **1.15 Risk factors**

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

## **1.16 Taxation implications**

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

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

## **1.17 Privacy**

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

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

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

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

## **1.18 Major activities and financial information**

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2018 is in the Annual Report which was lodged with ASX on 28 September 2018.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Annual Report are listed in Section 4.4.

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

## **1.19 Enquiries**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 499 900 044.

## 2. Purpose and Effect of the Offers

### 2.1 Capital Structure on completion of the Offers

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

	Shares	Options	Performance Rights	Performance Shares
Existing Securities	1,328,235,336	2,806,647	20,584,857	31,833,333
Minority Vendor Shares	337,794,623	-	-	-
Eastfield Shares	92,864,379	-	-	-
Executive Shares	4,444,444	-	-	-
Executive Performance Rights	-	-	24,000,000	-
Issue of Key Executive Performance Shares	-	-	-	24,000,000 <sup>(1)</sup>
Finance Options	-	100,000,000 <sup>(2)</sup>	-	-
Issue of New Shares	1,000	-	-	-
<b>Total</b>	<b>1,763,339,782</b>	<b>102,806,647</b>	<b>44,584,857</b>	<b>55,833,333</b>

**Notes:**

(1) Refer to Section 4.2 for the terms and conditions of the Executive Performance Shares.

(2) Refer to Section 4.3 for the terms and conditions of the Finance Options.

### 2.2 Effect of the Cleansing Offer on the Company

After paying for the expenses of the Offers of approximately A\$5,000, there will be no proceeds from the Cleansing Offer. The expenses of the Offers exceeding \$80 (being the amount raised if the Cleansing Offer is fully subscribed) will be met from the Company's existing cash reserves. The Cleansing Offer will have a minimal effect on the Company's financial position, being receipt of funds of A\$80 less costs of preparing the Prospectus.

### 2.3 Market price of Shares

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

Highest: A\$0.105

Lowest: A\$0.059

Latest A\$0.073

### 2.4 Dividend policy

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

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## 3. Risk Factors

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

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

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

### 3.1 Risks Specific to the Company

(a) **Integration Risk of LIFX Acquisition**

The operating results of the Company will depend on the success of management in integrating the acquisition of LIFX. There is no guarantee that the Company will be able to integrate the business of LIFX into the Company successfully, or that any economic benefits will be able to be realised. There is a risk that the Company's future profitability and prospects could be adversely impacted if successful integration is not achieved in an orderly and timely fashion.

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

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

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

(c) **Reliance on Core Information Technology and Other Systems**

The operation of the Company's platforms is dependent upon the performance, reliability and availability of its information technology and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war or a breakdown in utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or

contractors or other technical issues. The disaster recovery plans of the Company and its acquired businesses may not adequately address every potential event, and its insurance policies may not cover loss or damage that the Company and its acquired businesses (as applicable) suffer as a result of a system failure.

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

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

**(d) Intellectual Property**

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

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

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

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

**(e) Reliance on Key Personnel**

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

**(f) Industry Competition**

The Company's future performance may be affected by the level of competition in the IoT Industry in which it operates. Whilst the Company is an early mover in the industry, new or existing competitors may be successful in offering alternative and may enter into



strategic partnerships with recognised press associations which enhance their business at the expense of the Company.

(g) **Reputational Risks**

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

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

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

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

(i) **Hacker attacks**

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

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

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

(j) **Security Breaches**

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

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



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

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

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

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

(l) **Contract Risks**

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

(m) **Potential Acquisitions**

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

(n) **Currency Risk**

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

## **3.2 General Risks**

(a) **Reliance on Key Management**

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

(b) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied

and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks ,and hedging or arbitrage trading activity that may develop involving the Shares.

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

(c) **Additional Requirements for Capital**

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

(d) **Litigation Risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(e) **Economic Risks**

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

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

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

(f) **Technology Sector Risks**

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

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

(g) **Force Majeure**

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

(h) **Acquisitions**

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

### **3.3 Investment Speculative**

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

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

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## **4. Additional information**

### **4.1 Rights Attaching to New Shares**

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

#### **(a) General Meetings**

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

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

#### **(b) Voting Rights**

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

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

#### **(c) Dividend Rights**

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

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

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

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

(d) **Winding-up**

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

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

(e) **Shareholder Liability**

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

(f) **Transfer of Shares**

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

(g) **Variation of Rights**

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

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

(h) **Alteration of Constitution**

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

## 4.2 Terms and Conditions of the Performance Shares

(a) **General**

- (i) **(Share capital)** Each Performance Share is a Share in the capital of the Company.
- (ii) **(General meetings)** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. A Holder has the right to attend general meetings of the Company.
- (iii) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any

voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

- (iv) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- (v) **(No rights on winding up)** A Performance Share has no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (vi) **(Transfer of Performance Shares)** The Performance Shares are not transferable.
- (vii) **(Reorganisation of Capital)** In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (viii) **(Quotation)** The Performance Shares will not be quoted on ASX.
- (ix) **(No participation in entitlements and bonus issues)** Subject always to the rights under Section 4.2(a)(vii) **(Reorganisation of Capital)**, Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.
- (x) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as considered necessary by the board of directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (xi) **(No other rights)** A Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(b) **Milestones**

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

- (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 (**Class A Performance Share**);
- (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 (**Class B Performance Share**); 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 (**Class C Performance Share**),

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

Subject to the Company obtaining all requisite regulatory approvals, including Shareholder approval (if required), if the Company:

- (i) terminates Mr Marc Alexander's employment on or before the date that is 12 months after Completion by providing written notice of termination and in

circumstances which do not give rise to summary termination of employment for cause, 50% of all unvested Performance Shares will vest; and

- (ii) terminates Mr Tim Peters employment without cause, 50% of all unvested Performance Shares will vest.”

(c) **Change in Control Shares**

- (i) All Performance Shares on issue shall automatically convert into Shares up to a maximum number that is equal to 10% of the Company's issued capital (as at the date of any of the following events) upon the occurrence of either of the following events:

- (A) the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;

- (B) a Takeover Bid:

- (1) is announced;

- (2) has become unconditional; and

- (3) the person making the Takeover Bid has a relevant interest in 50% or more of the Shares; or

- (C) any person acquires a relevant interest in 50.1% or more of the Shares by any other means,

**(Change in Control Event).**

- (ii) The Company must ensure the allocation of Shares issued under Section 4.2(c)(i) is on a pro rata basis to all Holders in respect of their respective holdings of Performance Shares.

- (iii) All Performance Shares not converted pursuant to Section 4.2(c)(i) will continue to be held by the Holder.

(d) **Expiry Dates**

The expiry dates for the Performance Shares are as follows:

- (i) Class A Performance Shares: the Milestone must be achieved on or before 5.00pm (ACDT) on the date which is 18 months after the date on which Completion occurs; and

- (ii) Class B Performance Shares: the Milestone must be achieved on or before 5.00pm (ACDT) on the date which is 30 months after the date on which Completion occurs;

- (iii) Class C Performance Shares: the Milestone must be achieved on or before 5.00pm (ACDT) on the date which is 36 months after the date on which Completion occurs,

(each referred to as an **Expiry Date**).



To the extent that any Performance Shares have not converted into Shares by the applicable Expiry Date, such Performance Shares for each Holder will automatically lapse and consolidate into one Performance Share and will then convert into one Share.

(e) **Conversion of Performance Shares**

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

(f) **Takeover Provisions**

- (i) If the conversion of Performance Shares (or part thereof) under Section 4.2(b) or 4.2(c) would result in any person being in contravention of section 606(1) of the Corporations Act, then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1). Following a deferment under this Section 4.2(f), the Company shall at all times be required to convert that number of Performance Shares that would not result in a contravention of section 606(1).
- (ii) Where Section 4.2(f) applies, if requested to do so by the affected Holder, the Company must seek to obtain the approval of its shareholders under section 611, item 7 of the Corporations Act for the conversion of the affected Performance Shares at the Company's next annual general meeting.
- (iii) A Holder must promptly notify the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under Section 4.2(b) or 4.2(c) may result in the contravention of section 606(1), failing which the Company is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to the Company).
- (iv) The Company may (but is not obliged to) by written notice request that a Holder confirm to the Company in writing within 7 days if they consider that the conversion of Performance Shares under Section 4.2(b) or 4.2(c) may result in the contravention of section 606(1). If the Holder does not confirm to the Company within 7 days that they consider such conversion may result in the contravention of section 606(1), then the Company is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to the Company).

(g) **Quotation**

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

(h) **Conversion procedure**

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

(i) **Ranking of Shares**

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



### 4.3 Terms and Conditions of the New Options

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon the exercise of the New Option.

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

The New Options have an exercise price of A\$0.0759 per New Option (**Exercise Price**) and an expiry date of 5:00 pm (Beijing time) on a date that is 5 years from the date of issue (**Expiry Date**).

A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date.

(d) **Quotation of the New Options**

The Company will not apply for quotation of the New Options on ASX.

(e) **Notice of Exercise**

The New Options may be exercised by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and pay the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company in accordance with the Warrant Deed.

Any Notice of Exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt.

(f) **Shares Issued on Exercise**

Shares issued on exercise of the New Options rank equally with the then issued Shares.

(g) **Timing of the Issue of Shares on Exercise and Quotation**

Within 5 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each New Option being exercised, the Company will:

- (i) issue the Shares pursuant to the exercise of the New Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(h) **Participation in New Issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give the holders of New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustment for Rights Issue**

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

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

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

(k) **Adjustment for Reorganisation**

- (i) Subject to clause 4.3(k)(ii), if prior to the Expiry Date and for so long as any New Options remain on issue, there occurs:
  - (A) a consolidation or sub-division of capital of the Company, the number of unexercised New Options must be consolidated or sub-divided (as the case may be) in the same ratio as the capital of the Company is consolidated or sub-divided, and the Exercise Price per New Option must be amended appropriately to reflect that ratio;
  - (B) a return of capital of the Company, the number of unexercised New Options will remain the same, and the Exercise Price per New Option must be reduced by the same amount as the amount returned in relation to each issued Share;
  - (C) a pro-rata cancellation of capital of the Company, the number of unexercised New Options must be reduced in the same ratio as the capital of the Company is cancelled, and the Exercise Price per New Option must be amended appropriately to reflect that ratio; and
  - (D) a reduction of capital of the Company by way of a cancellation of paid up capital that is lost or not represented by available assets where no

securities are cancelled, the number of unexercised New Options and the Exercise Price must remain unaltered,

in each case, with the intention that any such adjustment will have an economically neutral effect on the Company and the Optionholders, and will not result in any benefits being conferred on the Optionholders which are not conferred on holders of issued Shares (without preventing any rounding of the number of Shares received on exercise of New Options where the rounding is approved at a meeting of shareholders approving the relevant reorganisation of capital).

- (ii) If prior to the Expiry Time and for so long as any New Options remain on issue the capital of the Company is reorganised, the rights of the Optionholders will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(l) **Transferability**

The New Options are transferable.

#### **4.4 Company is a Disclosing Entity**

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

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

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

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

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report of the Company for the financial year ended 30 June 2018 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

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

The Company has lodged the following announcements with ASX since the lodgement of its annual report on 28 September 2018:

<b>Date Lodged</b>	<b>Subject of Announcement</b>
1 April 2019	LIFX Acquisition Completed
29 March 2019	LIFX Acquisition Update and Issue of Placement Shares App 3B
25 March 2019	Resignation of Director and Appendix 3Z
25 March 2019	Results of General Meeting
25 March 2019	LIFX Acquisition Update
21 March 2019	Buddy Ohm Market Update
19 March 2019	Addendum to Notice of Meeting
18 March 2019	Update to LIFX Acquisition and Debt Financing
28 February 2019	Half Year Accounts
28 February 2019	Appendix 4D
28 February 2019	Appendix 3B
22 February 2019	Notice of General Meeting/Proxy Form
14 February 2019	LIFX Acquisition Update
6 February 2019	Investor Webinar LIFX Acquisition
6 February 2019	Reinstatement to Official Quotation
6 February 2019	Acquisition of LIFX and Share Placement
4 February 2019	Request for an extension of voluntary suspension
1 February 2019	Appendix 4C - Quarterly Report with commentary
31 January 2019	Digicel Arrangement Update and Revised Guidance
31 January 2019	Appendix 3B
31 January 2019	Suspension from Official Quotation
29 January 2019	Trading Halt
27 December 2018	Initial Director's Interest Notice
30 November 2018	Results of AGM
26 November 2018	Airstream commits to expand Buddy Cloud Integration
26 November 2018	Appendix 3B
1 November 2018	Appendix 4C - Quarterly Report with commentary
26 October 2018	Notice of Annual General Meeting/Proxy Form

<b>Date Lodged</b>	<b>Subject of Announcement</b>
19 October 2018	Amended Investor Presentation
19 October 2018	Investor Presentation
1 October 2018	Corporate Governance Statement
1 October 2018	Appendix 4G

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the office of the Company at Level 2, 333 King William Street Adelaide SA 5000:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.15 and the consents provided by the Directors to the issue of this Prospectus.

#### **4.5 Information Excluded from Continuous Disclosure Notices**

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

#### **4.6 Determination by ASIC**

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

#### **4.7 Directors' Interests**

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

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

#### **4.8 Directors' Interests in Securities**

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

<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Rights</b>	<b>Performance Shares</b>
David McLauchlan	131,851,820	-	-	22,166,667
Richard Borenstein	21,408,668	854	-	3,333,333
John van Ruth	1,478,416	-	-	833,333
Marc Alexander	41,388,363	-	12,000,000	-

Director	Shares	Options	Performance Rights	Performance Shares
Rosey Batt	-	-	-	-

## 4.9 Directors' Remuneration

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

Director	Financial Year	Salary and Fees	Share-based payments	Total
David McLauchlan	2018	\$322,437	(405,134)	(82,697)
	2017	\$331,345	2,966,871	3,298,216
Richard Borenstein	2018	-	(60,922)	(60,922)
	2017	-	484,836	484,836
John van Ruth	2018	-	(15,231)	(15,231)
	2017	-	111,547	111,547
Marc Alexander <sup>(1)</sup>	2018	-	-	-
	2017	-	-	-
Rosey Batt <sup>(2)</sup>	2018	-	-	-
	2017	-	-	-

Note:

(1) Mr Marc Alexander was appointed as a Director on 29 March 2019.

(2) Ms Rosey Bat was appointed as a Director on 30 November 2019.

## 4.10 Substantial Shareholders

Based on publicly available information available, the following persons have voting power of above 5% or more in the Company:

Table 4.3: Substantial Shareholders

Shareholder	Number of Shares Held	Share Held %
David McLauchlan	131,851,820	9.93%
Jeffrey MacDuff	77,095,658	5.80%

## 4.11 Related Party Transactions

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

## 4.12 Interests of Named Persons

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

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

The Company's legal advisors will be paid fees of approximately A\$5,000 (plus GST) in relation to the preparation of this Prospectus.

## 4.13 Dividend Policy

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

## 4.14 Expenses of the Offer

The estimated expenses of the Offers are as follows:

	<b>A\$</b>
ASIC lodgement fee	3,206
Legal expenses	5,000
<b>Total</b>	<b>8,206</b>

## 4.15 Consents

DLA Piper Australia has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian solicitors to the Company. DLA Piper Australia has not authorised or caused the issue of this Prospectus or the making of the Offers. DLA Piper Australia makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Link Market Services has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as the Company's share registry. Link Market Services has not authorised or caused the issue of this Prospectus or the making of the Offers. Link Market Services makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

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

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## 5. Authorisation

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



**David McLauchlan**  
Executive Director and CEO

1 April 2019



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## 6. Glossary of Terms

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

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

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

**Acquisition** has the meaning given in Section 1.1.

**Addendum** has the meaning given in Section 1.1.

**Additional Offers** means the Performance Shares Offer and the Finance Options Offer.

**Applicant** means a person who submits an Application Form.

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

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

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

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

**Board** means the board of Directors.

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

**Chairman** means chairman of the Board.

**CHESS** means ASX Clearing House Electronic Subregister System.

**Cleansing Offer** has the meaning given in Section 1.2.

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

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

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

**Completion** means completion of the Acquisition.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Eastfield** has the meaning given in Section 1.1.

**Eastfield Shares** has the meaning given in Section 1.1.

**Executive Performance Rights** has the meaning given in Section 1.1

**Executive Performance Shares** has the meaning given in Section 1.4(a).

**Executive Performance Shares Offer** has the meaning given in Section 1.4(a).

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

**Executive Shares** has the meaning given in Section 1.1.

**Finance Options** has the meaning given in Section 1.1.

**Finance Options Offer** has the meaning given in Section 1.4(b).

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

**Key Executives** means Mr Marc Alexander and Mr Tim Peters.

**LIFX** has the meaning given in Section 1.1.

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

**Loan Agreement** has the meaning given in Section 1.1.

**Majority Vendor** has the meaning given in Section 1.1.

**Merger Agreement** has the meaning given in Section 1.1.

**Minority Vendors** has the meaning given in Section 1.1.

**Minority Vendor Shares** has the meaning given in Section 1.1.

**New Options** means the Options offered under this Prospectus with the terms and conditions detailed in Section 4.3.

**New Securities** means the New Shares, Executive Performance Rights, Executive Performance Shares and Finance Options.

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

**Notice** has the meaning given in Section 1.1.

**Offers** means the Cleansing Offer, the Executive Performance Shares Offer and the Finance Options Offer.

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

**Performance Shares** means the performance shares offered under this Prospectus with the terms and conditions detailed in Section 4.2.

**Placement** has the meaning given in Section 1.1.

**Placement Shares** has the meaning given in Section 1.1.

**Prospectus** means this prospectus dated 1 April 2019.

**Section** means a section of this Prospectus.

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

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

**Shareholder** means a holder of Shares.

**Total Minority Vendor Shares** has the meaning given in Section 1.1.

**Warrant Deed** means the warrant deed between the Company, the Majority Vendor and Eastfield dated 29 March 2019.

