



Buddy

BUDDY TECHNOLOGIES LIMITED

ACN 121 184 316

PROSPECTUS

For an offer of up to 1,000 New Shares at an issue price of A\$0.020 (**Cleansing Offer**). The Cleansing Offer is included primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares recently issued by the Company.

This Prospectus also contains an offer of 58,243,114 New Options to PFG (and/or its nominees) (**Commitment Fee Options Offer**).

This Prospectus is also being issued in order to facilitate secondary trading of the underlying securities to be issued upon the exercise of the Commitment Fee 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 2 September 2021 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

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

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

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

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

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

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

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

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

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

Continuously Quoted Securities

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

Exposure Period

No exposure period applies to the Offers.

Speculative Investment

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

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

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

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

Forward-looking Statements

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

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

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

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

Website

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

Currency

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

Rounding

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

Time

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

Glossary

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

CORPORATE DIRECTORY

Directors

David McLauchlan – Executive Director & CEO
Richard Borenstein – Non-Executive Chairman
Paul Russell – Executive Director
James Nelson – Executive Director
Stephen Gates – Non-Executive Director

Company Secretary

Victoria Allinson

Registered Office

Level 3, 12 Pirie Street
Adelaide SA 5000

Website

<https://buddy.com/>

Auditors*

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

Share Registry*

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

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

Solicitors

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

Home Exchange

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

ASX Code

BUD

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

PROPOSED TIMETABLE

| Event | Indicative Date |
|---|------------------|
| Lodgement of Prospectus with ASIC | 2 September 2021 |
| Offers Opening Date | 2 September 2021 |
| Offers Closing Date | 2 September 2021 |
| Issue of Commitment Fee Shares, Commitment Fee Options and Restructure Fee Shares | 2 September 2021 |

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

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For personal use only

1. Details of the Offers

1.1 The Cleansing Offer

The Company is offering, pursuant to this Prospectus, 1,000 New Shares each at an issue price of A\$0.020 (**Cleansing Offer**).

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

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

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

(a) **Commitment Fee Shares**

At the Company's general meeting held on 30 August 2021 (**General Meeting**), the Company obtained Shareholder approval to issue 116,486,227 Shares at an issue price of A\$0.025 per Share to Partners for Growth VI, L.P. (**PFG**) (and/or its nominees) (**Commitment Fee Shares**).

The Commitment Fee Shares have been issued. Refer to the Appendix 2A dated 2 September 2021 for further details.

(b) **Restructure Fee Shares**

At the General Meeting, the Company obtained Shareholder approval to issue 14,023,133 Shares at an issue price of A\$0.025 per Share to PFG (and/or its nominees) (**Restructure Fee Shares**).

The Restructure Fee Shares have been issued. Refer to the Appendix 2A dated 2 September 2021 for further details.

1.2 Purpose of the Cleansing Offer

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

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

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

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or

- (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

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

1.3 Commitment Fee Options Offer

At the General Meeting, the Company obtained Shareholder approval to issue to PFG (and/or its nominees) 58,243,114 New Options on the terms and conditions detailed in Section 4.2 (**Commitment Fee Options**).

This Prospectus also includes an offer to PFG (and/or its nominees) of the 58,243,114 New Options (**Commitment Fee Options Offer**). The Commitment Fee Options Offer under this Prospectus is made only to PFG (and/or its nominees).

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

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

1.4 Purpose of the Prospectus

Accordingly, the purpose of this Prospectus is to:

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

1.5 Minimum subscription

There is no minimum subscription for the Offers.

1.6 Opening and closing dates

The Company will accept Application Forms for the Cleansing Offer until 8.00pm (ACDT) on 2 September 2021 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules

The closing date for the Commitment Fee Options Offer is 8.00pm (ACDT) on 2 September 2021 (**Commitment Fee Options Offer Closing Date**). The Company will accept the Commitment Fee

Options Offer Application Form from 2 September 2021 until the Commitment Fee 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.

1.7 Application Forms

(a) Cleansing Offer

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

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

(b) Commitment Fee Options Offer

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

Only PFG (and/or its nominees) can accept the Commitment Fee Options under the Commitment Fee Options Offer. A personalised Commitment Fee Options Offer Application Form will be issued to PFG (and/or its nominees) together with a copy of this Prospectus. The Company will only provide a Commitment Fee Options Offer Application Form to PFG (and/or its nominees).

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

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

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

1.8 Issue and Dispatch

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

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

1.9 Application Monies held on trust

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

1.10 ASX Quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for Official Quotation of the New Securities offered under this Prospectus. If ASX does not grant

Official Quotation of the New Shares within three months after the date of this Prospectus (or such period as the ASX allows), no New Shares will be issued or allotted and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

The New Options will only be admitted to Official Quotation if the quotation requirements under the Listing Rules are satisfied. If the quotation requirements are not satisfied or ASX otherwise does not grant Official Quotation of the New Options, the New Options will be issued on an unquoted basis.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or its securities.

1.11 Withdrawal

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

1.12 CHESS

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

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

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

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

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

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

1.13 Residents outside Australia

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

1.14 Risk factors

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

1.15 Taxation implications

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

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

1.16 Privacy

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

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

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

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

1.17 Major activities and financial information

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

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

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

1.18 Enquiries

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone at cosec@buddy.com.

2. Purpose and Effect of the Offers

2.1 Capital Structure on completion of the Offers

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

| | Shares | Options | Performance Rights | Performance Shares | Warrants | Convertible Notes |
|------------------------|----------------------|--------------------------|--------------------|--------------------|-------------------|-------------------|
| Existing Securities | 3,432,038,494 | 234,941,783 ¹ | 47,633,153 | 31,833,333 | 50,000,000 | 4,250,000 |
| New Shares | 1,000 | - | - | - | - | - |
| Commitment Fee Options | - | 58,243,114 | - | - | - | - |
| Total | 3,432,039,494 | 293,184,897 | 47,633,153 | 31,833,333 | 50,000,000 | 4,250,000 |

Notes:

1. Comprising of:

- a. 154,409,018 listed Options expiring 30/07/2024 exercisable at \$0.05.
- b. 50,000,000 Options expiring 01/04/2024 exercisable at \$0.0759.
- c. 532,765 Options expiring 29/03/2023 exercisable at \$0.0759.
- d. 30,000,000 Options expiring 16/19/2021 exercisable at \$0.0324.

2.2 Effect of the Cleansing Offer on the Company

After paying for the expenses of the Offers of approximately A\$3,000, there will be no proceeds from the Cleansing Offer. The expenses of the Cleansing Offer exceeding A\$20 (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\$20 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\$0.043 |
| Lowest: | A\$0.016 |
| Latest | A\$0.016 |

2.4 Dividend policy

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

3. Risk Factors

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

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

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

3.1 Risks Specific to the Company

(a) Future Capital Needs and Additional Funding

At present, the Company is not operating on a cash flow positive basis, meaning it is reliant on its debt facilities with PFG and/or raising additional funds from investors to continue to fund its operations. The Company intends to continue to spend significant funds to manufacture LIFX products and expenses may continue to exceed revenue, resulting in further net losses in the future. The Company may require additional funding in the future to finance ongoing operations and its debt obligations. The future capital requirements of the Company (both in respect to timing and quantum) will depend on many factors, including whether the Company can grow existing revenues and achieve its business strategy/plan.

No assurances can be given that the Company will be able to raise additional funding and the Company's ability to obtain additional funding will depend on investor demand, its performance and reputation, market conditions and other factors. The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities and business may have a material adverse effect on the Company's business and its financial condition and performance. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. If the Company continues to incur losses in the future, the net losses and negative cash flows may have an adverse effect on Shareholders equity and the Company's working capital.

(b) Reliance on Major Customer

A significant portion of the Company's existing revenue is derived from the sale of LIFX products, specifically to Amazon, and there is a risk that Amazon may cease to purchase LIFX products or significantly reduce the number of LIFX products purchased. Although the Company has no reason to believe that Amazon will terminate its existing arrangement with the Company or reduce the number of LIFX products purchased, there is no assurance that circumstances may not change in the future. If Amazon terminates its existing arrangement or significantly reduces the number of LIFX products purchased, this may have a material adverse impact on the Company's revenues.

(c) **Late Payments/ Payment Disputes and Non-Payment from Customers**

If a material portion of customers, or in particular Amazon, were to default, or are late, in payment for LIFX products under their respective arrangements with the Company this could have a material adverse effect on the Company's business, operating results and financial condition. In order to mitigate this risk, the Company undertakes due diligence and the requisite credit checks in respect to each of its customers prior to entering into an arrangement.

(d) **Reliance on Key Relationships**

The Company relies on its manufacturing partners, including its primary manufacturer Eastfield Lighting (Hong Kong) Limited, for the manufacturing of its LIFX products offered to the market. If the Company's manufacturing partners cease to meet their commitments and/or obligations to the Company, including due to component shortages, loss of key licences or permits, this could have a material adverse effect on the Company's business, financial condition, operations and prospects.

(e) **Competition**

There is a risk that new entrants in the market may disrupt the Company's business and existing market share. Existing competitors as well as new competitors entering the industry, may engage in aggressive campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode the Company's market share and revenue, and may materially and adversely impact the Company's revenue and profitability.

A general increase in competition may also require the Company to increase marketing expenditure or further reduce costs, which would decrease profitability even if the Company's market share does not decrease.

(f) **The Company's Products may be Superseded by Others**

The Company participates in a competitive environment. Smart lighting products are continuing to develop and are subject to rapid change, as business practices continue to evolve. The Company's success will in part depend on its ability to offer products that remain current with the continuing changes in technology and changing consumer preferences. There is a risk that the Company will not be successful in addressing these developments in a timely manner, or that expenses will be greater than expected. In addition, there is a risk that new products or technologies (or alternative systems) developed by third parties will supersede the Company's technology. This may materially and adversely impact the Company's revenue and profitability.

(g) **COVID-19 Risk**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange.

To date, the COVID-19 pandemic has had a material impact on the Company's operations due to critical component shortages, however, additional waves of infections could further impact the supply chain and result in the Company and/or its manufacturers' operations being suspended and otherwise disrupted for an unknown periods of time, which may have an adverse impact on the Company's operations as well as adverse implications on the Company's future cash flows, profitability and financial condition.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects.

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

The operation of LIFX products and the Company's platforms are 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 manufacturers or other technical issues. The disaster recovery plans of the Company may not adequately address every potential event, and its insurance policies may not cover loss or damage that the Company suffer as a result of a system failure.

Any damage to, or failure of, the Company's key systems can result in disruptions in the use of LIFX products by consumers and the Company's ability 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 to generate revenue, impact consumer service levels and damage the respective brand values of the Company. 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 is involved in is also subject to rapid and significant changes in technology. The impact of these changes on the Company cannot be predicted. The costs associated with implementing emerging and future technology changes could be significant.

(i) **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 LIFX products are sold and/or 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" or "LIFX" 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.

(j) **Litigation Risks**

The Company is exposed to litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company is presently in dispute with CST Capital Pty Ltd ATF the CST Investments Fund (refer to the ASX announcements dated 6 November 2020, 15 December 2020 and 16 July 2021 for further details). Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(k) **Compliance with Financing Arrangement**

The Company is a party to a financing arrangement with PFG. If the Company breaches any of its covenants under the financing arrangement with PFG, this will give rise to an event of default under the financing arrangement with PFG, thereby giving PFG the right to declare the outstanding loan amounts immediately repayable and, failing repayment, enforce its security over the assets of the Company.

(l) **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 it requires to facilitate its growth due to industry competition for these skills.

(m) **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 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 profitability.

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

The Company utilises 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.

(o) **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.

(p) **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.

(q) **Contract Risks**

The Company's subsidiaries operate through a series of contractual relationships with operators, sub-manufacturer and manufacturer. 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.

(r) **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, Euro and British pound sterling and the Australian dollar would be expected to have a direct effect on the performance of the Company.

(s) **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.

3.2 General Risks

(a) **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.

(b) **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.

(c) **Trading Price of Securities**

The price at which the Securities are quoted on ASX may increase or decrease due to a number of factors outside of the Company's control and which are not explained by the fundamental operations and activities of the Company. The price of Securities may be 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 Securities. These factors may cause the Securities to trade at prices above or below the price at which the Securities were initially acquired.

(d) **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.

(e) **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.

(f) **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.

For personal use only

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 New Options

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

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to Section 4.2(j) below, the amount payable upon exercise of the New Options is A\$0.05 each (**New Option Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00pm (EST) on 30 July 2024 (**New Option Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**New Option Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the New Option Exercise Period by notice in writing to the Company (**New Option Notice of Exercise**) and payment of the relevant New Option Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A New Option Notice of Exercise is only effective on and from the later of the date of receipt of the New Option Notice of Exercise and the date of receipt of the payment of the relevant New Option Exercise Price for each New Option being exercised in cleared funds (**New Option Exercise Date**).

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

Within 5 Business Days after receipt of a New Option Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

- (i) allot and 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) **Shares Issued on Exercise**

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

(i) **Quotation of the Shares Issued on Exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(j) **Reconstruction of Capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of New Options are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) **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 the Company's Shareholders during the currency of the New Options without exercising the New Options.

(l) **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 holder would have received if the New Options held by the holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the New Option Exercise Price.

(m) **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of satisfaction of dividends or by way of dividend reinvestment) the New Option Exercise Price of an New Option will be reduced according to the following formula in Listing Rule 6.22 so that the holder does not suffer any detriment as a result of the pro rata issue.

(n) **Quotation**

The Company will apply for quotation of the New Options in accordance with the Listing Rules. In the event that quotation of the New Options cannot be obtained, the New Options will be issued on an unquoted basis.

(o) **Transferability**

The New Options are transferable.

4.3 **Company is a Disclosing Entity**

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

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

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

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

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2020 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

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

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

| Date Lodged | Subject of Announcement |
|------------------|--|
| 2 September 2021 | Appendix 2A |
| 2 September 2021 | Appendix 2A |
| 2 September 2021 | BUD Listed Options Top 20 and distribution |
| 1 September 2021 | Listed Options BUDOA Top 20 and distribution |
| 1 September 2021 | Appendix 3G |
| 1 September 2021 | Appendix 2A |
| 1 September 2021 | Update on Critical Components |
| 1 September 2021 | Updated Appendix 3B |
| 1 September 2021 | Results of Entitlement Offer |
| 31 August 2021 | Appendix 4C July 2021 |
| 31 August 2021 | Preliminary Final Report |
| 31 August 2021 | Updated Appendix 3B |

| Date Lodged | Subject of Announcement |
|----------------|--|
| 30 August 2021 | BUD Results of EGM |
| 30 August 2021 | EGM Presentation |
| 26 August 2021 | Appendix 3X |
| 23 August 2021 | Amazon/LIFX Bundles - TV Campaign in NZ |
| 19 August 2021 | BUD Non-Executive Director Appointed/Executive Changes |
| 18 August 2021 | Extension to Entitlement Offer Closing Date |
| 6 August 2021 | Appendix 3Y *3 |
| 6 August 2021 | Application for quotation of securities - BUD |
| 6 August 2021 | Notification of cessation of securities - BUD |
| 6 August 2021 | Notification regarding unquoted securities - BUD |
| 30 July 2021 | BUD June Quarterly 4C Review |
| 30 July 2021 | BUD GM Proxy Form |
| 30 July 2021 | BUD General Meeting Letter |
| 30 July 2021 | BUD Notice of Meeting |
| 29 July 2021 | BUD Dispatch of Prospectus |
| 28 July 2021 | Appendix 2A |
| 21 July 2021 | BUD Supplementary Prospectus |
| 20 July 2021 | BUD Updated Entitlement Offer Timetable |
| 20 July 2021 | BUD Letter to Ineligible Holders |
| 20 July 2021 | BUD Letter to Optionholders |
| 20 July 2021 | BUD Prospectus |
| 20 July 2021 | Company Update and Entitlement Offer – July 2021 |
| 16 July 2021 | Reinstatement to Official Quotation |

| Date Lodged | Subject of Announcement |
|---------------|--|
| 16 July 2021 | Proposed issue of securities - BUD |
| 16 July 2021 | Equity Capital Raisings, Debt Restructure and Company Update |
| 16 July 2021 | Response to ASX Query |
| 21 June 2021 | Response to ASX Query |
| 9 June 2021 | Appendix 3X |
| 7 June 2021 | Appendix 3Z |
| 7 June 2021 | Director Resignations, Appointments and Company Update |
| 11 May 2021 | Suspension from Official Quotation – Continued |
| 6 May 2021 | Request for Extension to Voluntary Suspension |
| 4 May 2021 | Request for Extension to Voluntary Suspension |
| 30 April 2021 | Request for Extension to Voluntary Suspension |
| 27 April 2021 | Update on March Results - Financial Guidance |
| 27 April 2021 | Appendix 4C and Commentary - Q3 FY21 |
| 23 April 2021 | Suspension from Official Quotation |
| 21 April 2021 | Trading Halt |
| 6 April 2021 | Appendix 3Ys |
| 6 April 2021 | Update on Home Shopping Network Promotion |
| 1 April 2021 | Appendix 2A |
| 1 April 2021 | Appendix 3G |
| 1 April 2021 | Home Shopping Network Releases Air Date for 1st LIFX TV Spot |
| 26 March 2021 | LIFX Replenishes Nth American Retail, Record-Breaking March |
| 16 March 2021 | Appendix 3G |
| 11 March 2021 | LIFX Disrupts U.S. Smart Switch Market with new LIFX Switch |

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

| Date Lodged | Subject of Announcement |
|------------------|--|
| 30 December 2020 | Notice of Annual General Meeting / Proxy Form |
| 23 December 2020 | Update on PFG Finance Facility |
| 18 December 2020 | LIFX Connects to Alexa Smart Energy |
| 17 December 2020 | Closure of Finance Facilities Prior to PFG Refinancing |
| 17 December 2020 | Appendix 3X – A Sparks |
| 17 December 2020 | Unlisted Options Expire |
| 16 December 2020 | Appendix 3G Unlisted Options Issued |
| 15 December 2020 | Appendix 2A Nov 2020 Employee Plan Vesting and Issue |
| 15 December 2020 | Appendix 3G Employee Plan Issue |
| 15 December 2020 | Update on CST Dispute |
| 15 December 2020 | Appointment of Non-Executive Director |
| 11 December 2020 | Appointment of Company Secretary |
| 10 December 2020 | EU Buddy Ohm Installations Resume with US Fund Properties |
| 7 December 2020 | Date of Annual General Meeting |
| 19 November 2020 | Change in substantial holding |
| 19 November 2020 | LIFX to Sell in Target U.S. Stores, Holiday Inventory Update |
| 18 November 2020 | Update regarding Date of Annual General Meeting |
| 18 November 2020 | Cleansing Notice |
| 18 November 2020 | Appendix 2A – Placement and Employee Plan Vesting |
| 11 November 2020 | Appendix 3G – October 2020 Employee Plan Vesting and Issue |
| 11 November 2020 | Buddy Completes \$13M Share Placement |
| 11 November 2020 | Proposed Issue of Securities – BUD |
| 9 November 2020 | Pause in Trading |

| Date Lodged | Subject of Announcement |
|-----------------|--|
| 6 November 2020 | LIFX to Launch in Walmart Owned Sam's Club, Stock Update |
| 6 November 2020 | Reinstatement to Official Quotation |
| 6 November 2020 | Update on Dispute with CST |
| 4 November 2020 | Extension of Voluntary Suspension |
| 4 November 2020 | Debt Maturity Date Extended |
| 2 November 2020 | September Quarterly 4C Review (Q1FY21) |
| 30 October 2020 | Suspension from Official Quotation |
| 28 October 2020 | Trading Halt |
| 23 October 2020 | LIFX Clean Passes US Testing, Ready for Retailer Orders |
| 21 October 2020 | Buddy Signs US\$20m Debt Refinancing Binding Term Sheet |
| 21 October 2020 | Proposed Issue of Securities - BUD |
| 21 October 2020 | Trading Halt |
| 21 October 2020 | Pause in Trading |
| 21 October 2020 | Buddy Agrees to US\$10m Debt Reduction with Vendor Debt Holder |
| 19 October 2020 | Letter to Shareholders – September 2020 Results |
| 16 October 2020 | Appendix 2A – September 2020 Employee Plan Vesting and Issue |
| 16 October 2020 | Appendix 3G – September 2020 Employee Plan Issue |
| 16 October 2020 | LIFX Pre-Sales, LIFX Clean to Sell at Amazon, Best Buy, HSN |
| 16 October 2020 | Record One-Day Sales, Amazon Prime Day LIFX Bundle Sells Out |
| 14 October 2020 | Home Shopping Network to Sell LIFX, Amazon Sales Update |
| 13 October 2020 | Pause in Trading |
| 8 October 2020 | Date of Annual General Meeting |

| Date Lodged | Subject of Announcement |
|----------------|---|
| 1 October 2020 | LIFX to launch at Costco, Lowe's – Tripling US Retail Doors |

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

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

4.4 Information Excluded from Continuous Disclosure Notices

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

4.5 Determination by ASIC

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

4.6 Directors' Interests

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

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

4.7 Directors' Interests in Securities

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

| Director | Shares | Options | Performance Shares | Performance Rights |
|--------------------|-------------------------|-----------|--------------------|------------------------|
| David McLauchlan | 140,851,820 | 2,500,000 | 22,166,667 | - |
| Richard Borenstein | 40,853,110 ¹ | - | 3,333,333 | 555,555 |
| Paul Russell | 6,318,829 ² | - | 333,333 | 9,125,000 ³ |
| James Nelson | 574,305 | - | - | 781,250 |
| Stephen Gates | 8,609,824 | - | - | - |

| Director | Shares | Options | Performance Shares | Performance Rights |
|---|--------|---------|--------------------|--------------------|
| Notes: | | | | |
| 1. Comprising of 21,955,563 Shares held by Mr Borenstein directly, 4,504,763 Shares held by Mr Borenstein as trustee for the Patricia M Baehr Residual Trust, a trust controlled by Mr Borenstein and 14,392,784 Shares held by Edgewood Partners LLC, an entity controlled by Mr Borenstein. | | | | |
| 2. Comprising of 1,180,050 Shares held by Mr Russell directly, 4,409,723 Shares held by P W Russell <The Paul Russell Family A/C> and 729,056 Shares held by Paul Russell Investments Pty Ltd <P Russell Family A/C>. | | | | |
| 3. Comprising of, 7,562,500 Performance Rights held by P W Russell <The Paul Russell Family A/C> and 1,562,500 Performance Rights held by Paul Russell Investments Pty Ltd <P Russell Family A/C>. | | | | |

4.8 Directors' Remuneration

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

| Director | Financial Year | Salary and Fees | Share-based payments | Total |
|----------------------------|----------------|-----------------|----------------------|-----------|
| David McLauchlan | 2019 | \$349,467 | - | \$349,467 |
| | 2020 | \$324,922 | - | \$324,922 |
| Richard Borenstein | 2019 | - | - | - |
| | 2020 | - | - | - |
| Paul Russell ¹ | 2019 | - | - | - |
| | 2020 | - | - | - |
| James Nelson ² | 2019 | - | - | - |
| | 2020 | - | - | - |
| Stephen Gates ³ | 2019 | - | - | - |
| | 2020 | - | - | - |

Notes:

1. Appointed on 8 June 2021.
2. Appointed on 8 June 2021.
3. Appointed on 19 August 2021.

4.9 Related Party Transactions

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

4.10 Interests of Named Persons

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

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

- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offers.

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

4.11 Dividend Policy

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

4.12 Expenses of the Offers

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

4.13 Consents

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

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

5. Authorisation

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



David McLauchlan
Executive Director and CEO

2 September 2021

6. Glossary of Terms

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

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

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

Applicant means a person who submits an Application Form.

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

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

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

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

Board means the board of Directors.

Buddy Group means the Company and its subsidiaries.

Chairman means chairman of the Board.

CHESS means ASX Clearing House Electronic Subregister System.

Cleansing Offer has the meaning given in Section 1.1.

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

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

Commitment Fee Options has the meaning given in Section 1.3.

Commitment Fee Options Offer has the meaning given in Section 1.3.

Commitment Fee Option Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Commitment Fee Options.

Commitment Fee Shares has the meaning given in Section 1.1.

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

Constitution means the constitution of the Company.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

General Meeting has the meaning given in Section 1.1.

LIFX means Lifi Labs, Inc. trading as LIFX.

Listing Rules means the Listing Rules of ASX.

New Option means an Option offered pursuant to this Prospectus.

New Option Exercise Date has the meaning given in Section 4.2.

New Option Exercise Period has the meaning given in Section 4.2.

New Option Exercise Price has the meaning given in Section 4.2.

New Option Expiry Date has the meaning given in Section 4.2.

New Option Notice of Exercise has the meaning given in Section 4.2.

New Securities means the New Shares and New Options.

New Share means a Share offered pursuant to the Cleansing Offer.

Offers means the Cleansing Offer and Commitment Fee Options Offer.

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

PFG has the meaning given in Section 1.1.

Prospectus means this prospectus dated 2 September 2021.

Restructure Fee Shares has the meaning given in Section 1.1.

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.

Warrant means a warrant in the capital of the Company.

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