BUDDY TECHNOLOGIES LIMITED
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Adelaide SA 5000, AUS

Ph. 1-800-831-317
ACN 121 184 316
www.buddy.com

30 September 2021

Buddy Technologies, Limited (the "Group") is pleased to attach its audited Annual Report for the year ended 30 June 2021.

The Group further wishes to highlight and clarify certain differences noted in the accompanying audited Financial Statements when compared to the unaudited Financial Statements for the year ended 30 June 2021 lodged with the ASX on 31 August 2021.

These differences relate to the refinancing of its debt, valuation of share based payments and the carrying value of goodwill.

At the time the preliminary Financial Statements were lodged the audit was ongoing. With the audit completed, the accounting for capitalising interest costs and the value of options, Employee Incentive Performance Rights and the goodwill impairment was finalised.

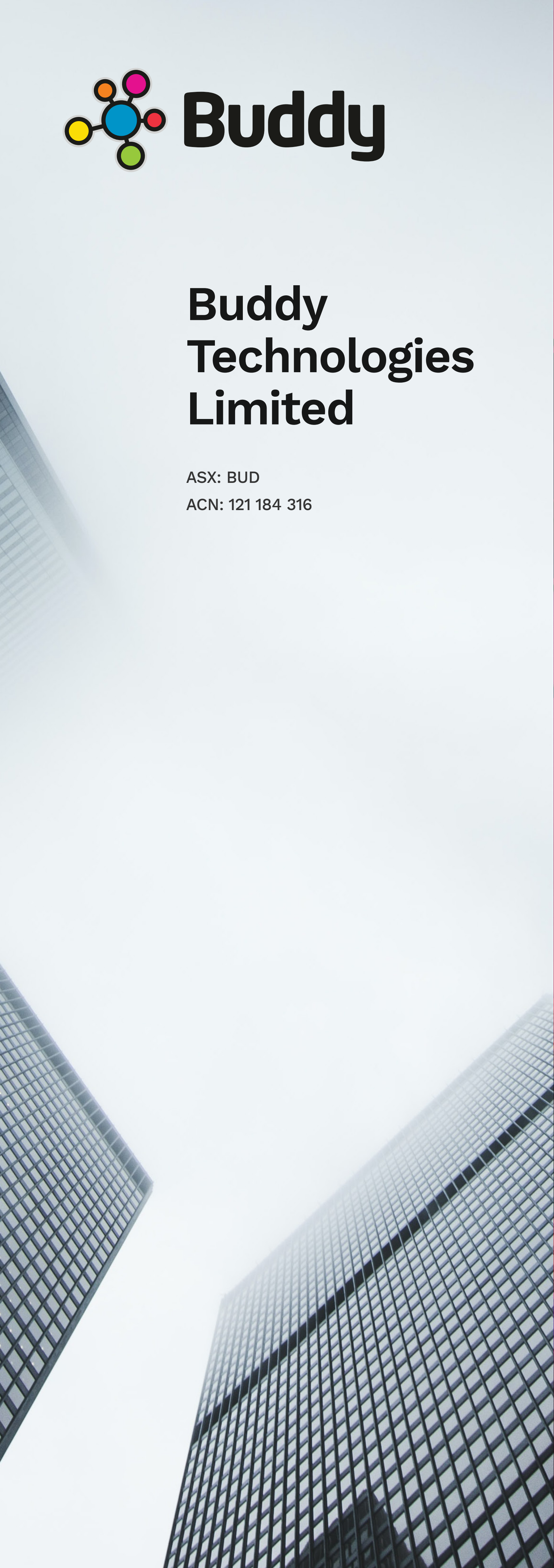
The Group has capitalised interest and option based payments by $4,144,528, expensed share based payments of $1,242,222 and recorded a goodwill impairment of $8,800,000 which together has the following effects:

- Increased the net loss after tax by $5,897,694 from $6,641,141 to $12,538,835.
- Increased the loss per share from 0.24 cents to 0.44 cents
- Decreased other payables and total borrowings by $4,132,542
- Decreased intangible assets by $8,800,000
- Increased option reserve by 1,242,222

The Group encourages all shareholders and prospective investors to familiarize themselves with the Audited Annual Report.

On behalf of the Board,

David McLauchlan
CEO & Executive Director

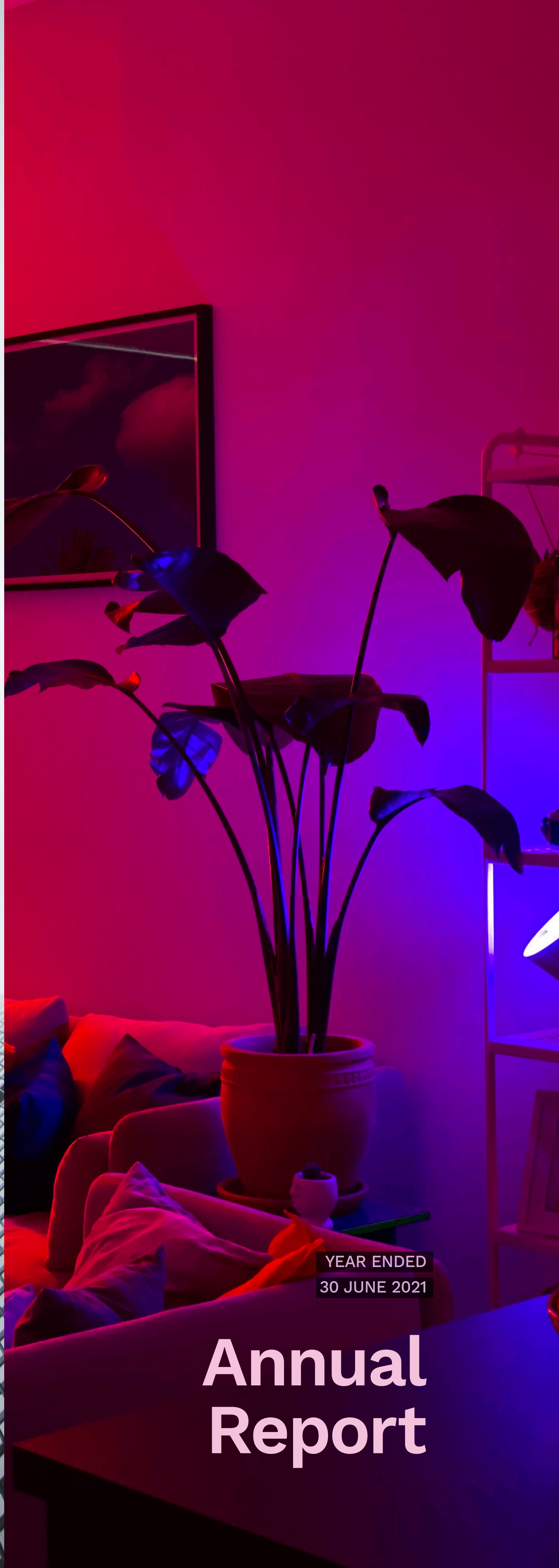


Buddy

Buddy Technologies Limited

ASX: BUD

ACN: 121 184 316



YEAR ENDED
30 JUNE 2021

Annual Report

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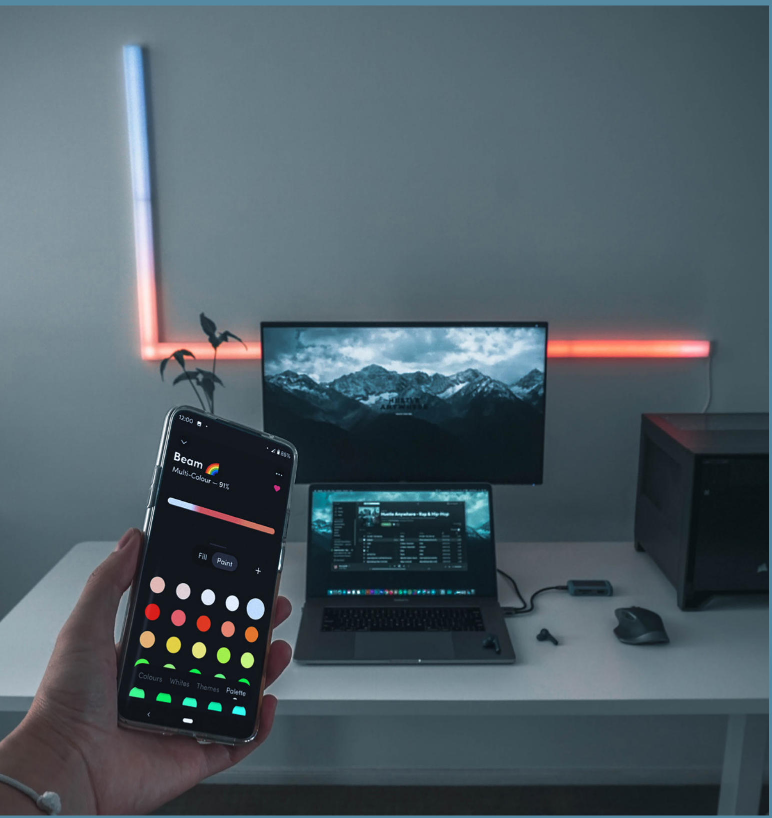

ACN: 121 184 316

Corporate Information

Directors:

Richard Borenstein
Non-Executive Chairman

David McLauchlan
Group CEO & Executive Director

Jim Nelson
Executive Director

Paul Russell
Executive Director

Stephen Gates
Non-Executive Director

Company Secretary:

Vicky Allinson

Lawyers:

Thompson Geer

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

Auditors:

RSM Australia Partners

Level 21
55 Collins Street
Melbourne, VIC 3000

Home Stock Exchange:

Australian Securities Exchange Limited

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

ASX Code:

BUD (Ordinary Shares)

Registered Office:

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Adelaide SA 5000

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Telephone: 1-800-831-317
Facsimile: + 61 8 8125 5931

Lifi Labs Management PTY LTD

105 Dover Street
Cremorne, VIC 3121

Telephone: (03) 9141 1155

Share Registry:

Link Market Services Limited

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

Bankers:

Westpac Banking Corporation
108 Stirling Highway
Nedlands WA 6009

Commonwealth Bank
100 King William Street
Adelaide, SA 5000

Reports.

ACN: 121 184 316

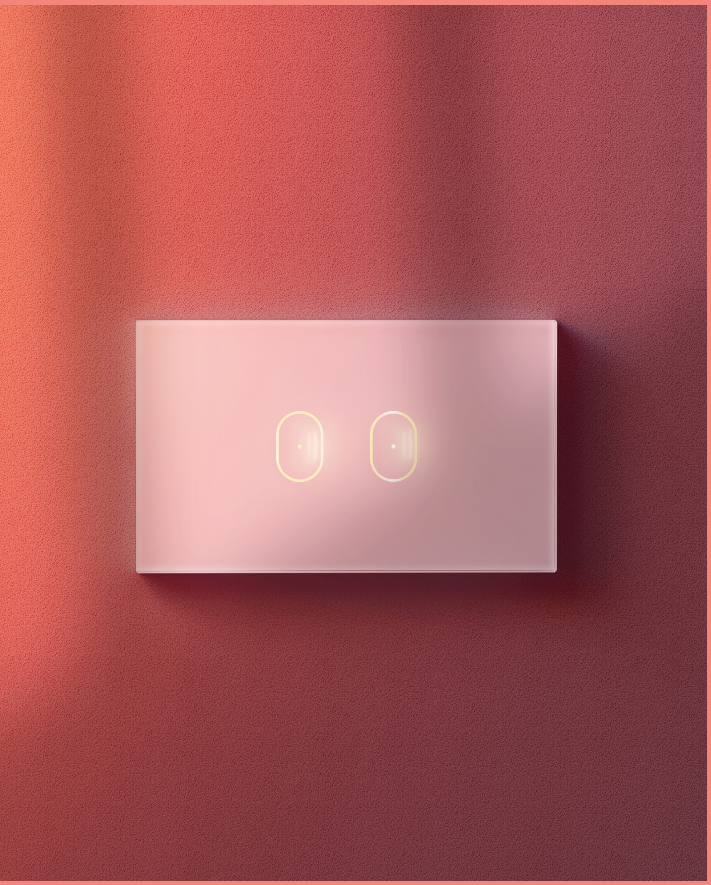
Chairman's Report

The Board of Buddy Technologies Limited (Buddy or Group) is pleased to present to our shareholders the Annual Report for the year ended 30 June 2021.

When I wrote this letter a year ago, I ended my commentary about the previous 15 months with the words "We had our share of COVID-related setbacks, but… (we) overcame the disruptions". At the time, I was looking forward to a strong year, but the continued impact of COVID on the world economy and on the Group together with supply chain issues, chip shortages, changing product preferences and manufacturing limitations, have resulted in a challenging year for the Group.

There is little point in rehashing the events that have occurred in the last 12 months, other than to say that it has led to profound change in all aspects of the business. The Group implemented a major reduction in force and reexamined every aspect of its business. Buddy formulated a detailed plan to increase sales and at the same time, claw back margins, cut costs, and prioritize only those things that matter most in our performance. I believe that it is all about getting the basics right so that the quality of Buddy's products (including the LIFX lights and LIFX app platform) can speak for themselves.

The year ahead will be devoted to just two goals, growing our markets around the world and manufacturing our products more cost efficiently. LIFX is adding new manufacturers to its supply roster. As a result, we expect to be able to produce our smart lights for significantly lower cost. This coming year, the Group will also double its marketing spend while online channels, such as LIFX.com and Amazon.com, and the online channels of our bricks'n'mortar retailers, will have renewed focus.



In June 2021, three of our directors resigned, and while such changes can be disruptive, we have pushed forward with resolve and each day brings additional stability in the business. We have restructured our debt even further, achieved real savings in debt service costs with the forgiveness of debt, raised fresh capital and emerged from suspension. It is now up to our incredibly talented employees to deliver upon our strategic plan successfully.

Two of our most senior, long-term employees stepped in to serve on our Board in the interim. Paul Russell and Jim Nelson are both extremely knowledgeable, senior managers of key teams within the Group. They add perspective and insight and I've been especially pleased with the maturity and gravity of their contributions.

Recently, we were thrilled to welcome Mr. Stephen Gates to our board. Steve has vast management expertise in cross-border trade and commerce and has already been a huge help in navigating the freight disruptions caused by the Chinese "COVID-related" port closures.

The Year Ahead

Buddy is now lean and focused. As the expression goes, “what doesn’t kill you makes you stronger”. The market for smart lights is growing and competitive. We have a great brand and a loyal customer base. Management is ready to tackle our challenges and accomplish our goals. Buddy can and will thrive.

I remain committed to doing all I can to ensure our success and thank you all very much for your shareholding and support.

Sincerely,

Richard N. Borenstein
Chairman of the Board

Message from the CEO

Dear Fellow Shareholders,

Last year as I sat down to write this letter, I considered what a spectacularly unexpected year we'd then had and would continue to have. A year on, with the COVID-19 pandemic far better understood, but certainly not done having its impact on our world and our way of life, we must now consider what life's "new normal" looks like. From changing how we think about office space and infrastructure, to significant impacts on our supply chain and evolutions in how people shop and buy products – there is scarcely any part of our business that hasn't been impacted or totally disrupted by the pandemic.

While it is still true (as it was last year) that the majority of our people live and work from the Melbourne, Australia area, lockdowns, travel restrictions, work from home requirements, and general disruption to our prior working arrangements were the case for every member of the global Buddy team this year. I want to thank our team members worldwide for not just doing what was needed to be done to push through, survive and thrive in a pandemic-altered world, but for maintaining their energy and passion as we dealt with the other challenges that confronted us in the second half of FY21.

If the theme for the business last financial year was chosen to be consolidation, this financial year it was again, but this time by necessity, and I'm pleased to report that the team stepped up. We responded to the pandemic by embarking on a disciplined cost cutting effort, meaningfully contributed to by our own people who took voluntary pay cuts to help the Group see its way through the pandemic. In addition, we reduced our office space, cut travel expenditure, trimmed back engineering programs where we could, and focused even more aggressively on channel costs, promotional expenditure and margins. As a result of these efforts, we now operate a significantly more cost-effective business.

As people around the world found themselves in work-from-home situations and lockdowns without the ability to spend disposable income on travel, eating out and other discretionary expenditure, investment in the home environment went up. Hardware and DIY stores reported increased sales, people invested in their "nest" and the smart home sector was one such beneficiary. We saw strong demand and announced that we were in receipt of large orders leading into the traditionally busy holiday quarter (comprising Halloween, Thanksgiving, Black Friday, Cyber Monday, the Christmas holiday shopping period and the Boxing Day Sales – across our various regions).

Regrettably, for reasons tied to both our supply chain and financing, we were unable to meet all of that demand due to inventory constraints, but nonetheless saw strong customer demand for smart lights that industry tracker NPD subsequently reported as being greater than 100% growth year on year. During the holiday quarter we announced that we were refinancing the Group's term and rotating debt facilities with a new partner – Partners for Growth ("PFG") – which we were pleased to complete very early in the new year of 2021. While holiday sales meant that our inventory had run very nearly dry, we were positioned with our new financing facilities to place very significant orders for replenishment inventory in those first weeks of January 2021.

Given the opportunity, we immediately placed orders for as much replenishment product as we could get. In the three months between November 2020 and January 2021, we ordered more product than we ever had in a prior 3-month period. In order to replenish key retail partners and get product back on shelves, we air freighted some product, sea freighted the rest and worked as hard as we could to have product make its way back into stock. I'm pleased to share that while this replenishment process was slow and at times very challenging, and while all vendors like us must navigate the global semi-conductor shortages that have been widely reported on, we are now in a reasonably strong inventory position with high levels of inventory in our largest market (the United States), and solid but strengthening levels of inventory in Europe and Asia Pacific.

One curious artefact of the pandemic, and the timing of our refinancing/re-ordering was that the shape of consumer demand for our products when orders were placed in November-January, changed as we moved into 2021. Importantly, there is very considerable overlap – but some products that typically recorded modest sales in 2020 (LIFX Beam, LIFX Nightvision products, etc...) have been in considerably higher demand in 2021. Improvements in our supply chain and materials ordering processes that are currently being executed will ensure we can be nimble in responding to such demand adjustments moving forward.

The other development that has been positive but created challenges for our supply team is multi-packs. In 2020, we experimented with selling 2-packs and 4-packs of our most popular products and pricing them in such a way as to encourage upselling a customer from a single light to a 2-pack or from a 2-pack to a 4-pack. It is perhaps an indicator of how mainstream smart lighting is becoming, that customer purchase behaviour is swinging meaningfully over to multipacks. This was not the case when we made our large replenishment orders, and so we've been working with our warehouses, retail partners and supply team to ensure we can channel our inventory into this demand (in advance of building new multipacks at the factories).

Perhaps the most significant benefit of completing the refinancing with PFG is that it enabled us to bring online additional manufacturers online to help lessen our supply chain risk with diversification of supply. Efforts were commenced immediately after the refinancing in January, and we were pleased to very recently announce that our first smart lighting products are now in mass production at a second manufacturer (with product supplied by both manufacturers on shelves this coming holiday quarter). We anticipate this should lower supply costs, de-risk our supply chain and allow us to sell our products at lower retail prices, but with potentially higher margins.

While the first half of FY21 was about managing customer demand as our inventory supply became less and less certain, the second half of FY21 was absolutely focused on rebuilding back up. With new packaging, new branding, very positive retail and consumer feedback and a reduced cost base, the business was primed to successfully navigate the pandemic and emerge leaner but more efficient and positioned for success.

And then came the last quarter of FY21. While it makes little sense to editorialise here about the events of March – June 2021, I can say most unequivocally that this was a period of tremendous scrutiny of and on the business. The Group entered a trading halt, and then a suspension and then remained suspended through the balance of the fiscal year (and ultimately until 16 July 2021). While the business itself kept trading as normal and our customers continued to buy our products, Buddy's management and board very intensely scrutinized every aspect of the business. We made changes – big changes – and put in place a new strategy and execution plan to see the Group through to new levels of success.

Since the end of FY21 we have raised capital, refinanced our debt further (eliminating all such obligations with our primary manufacturer – leaving us simply to build product with them), brought on a new board member, put in place a reduction in force to lower our operating costs, installed a new Chief Operating Officer and much more. We continue to work daily and diligently to build a business we can all be proud of, and one which meets the demands of a customer market which is becoming more savvy, more pro-smart technology and more ready to introduce our technology into their homes.

At Buddy, our mission remains the same – to make every space smarter. In 2021, we have our broadest and most compelling range of products yet, priced more attractively than we've ever had, delivering better margins to our business than we ever have. The world is more and more receptive to making their spaces smarter, and we stand at the ready to deliver on that promise and build the business we all know is possible. On behalf of the entire Buddy team, I thank you for your shareholding and your support.

David McLauchlan
CEO & Executive Director

ACN: 121 184 316

Directors' Report

Your Directors have pleasure in submitting their report together with the Financial statements of the Group and its subsidiaries it controlled during the period, for the year ended 30 June 2021. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

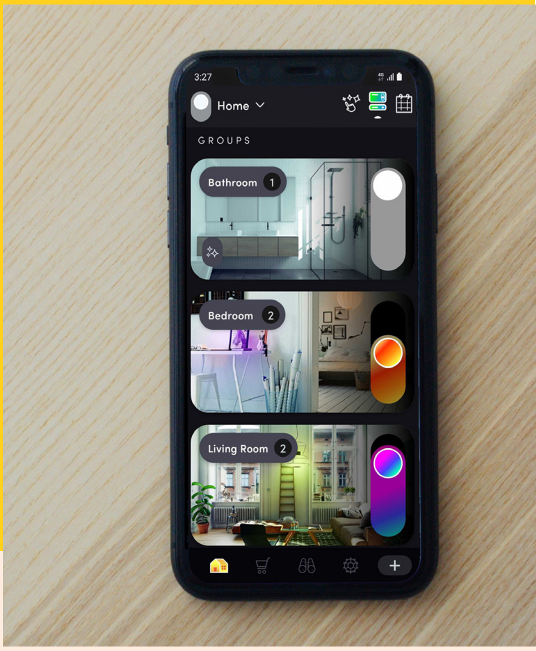
The Directors in office at the date of this report and at any time during the year are as follows. Directors were in office for the entire period unless otherwise stated.

Current Directors

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

Directors Who Resigned During The Year

Mr John van Ruth	Non-Executive Director
Mrs Rosey Batt	Non-Executive Director
Mr Alan Robert Sparks	Non-Executive Director



Mr David McLauchlan BEng(Hons), MEng

CEO & Executive Director

(Appointed 17 December 2015)

Experience and expertise

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

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

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

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

Special Responsibilities

Chief Executive Officer

Other current directorships of listed companies:

Nil

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

Nil

ACN: 121 184 316

Mr Richard Borenstein

BA (Economics), MBA

Non-Executive Chairman

(Appointed 17 December 2015)

Experience and expertise

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

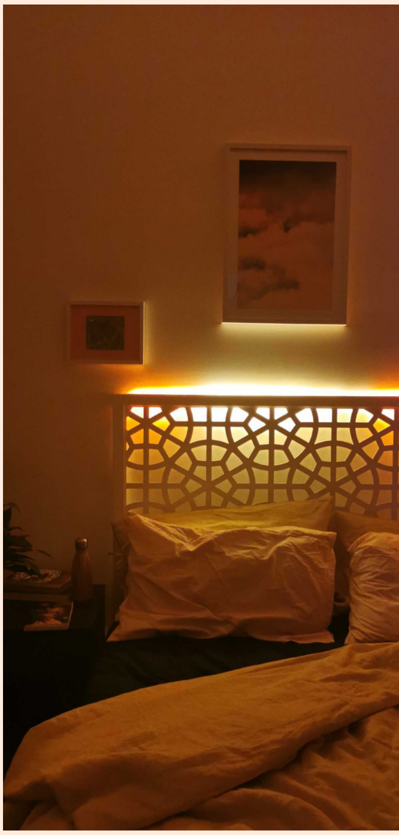
Rick currently lives in two cities, Tel Aviv and San Francisco. He translated 35 years of Silicon Valley experience into key board level advisory roles in the vibrant venture capital investment culture of Israel. Rick sits on 4 boards of artificial intelligence-based software companies in insurtech,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

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

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

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

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



Special Responsibilities

Chairman of the Board

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Other current directorships of listed companies: Nil

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

Mr Paul Russell

BInfoTech

Executive Director

(Appointed 8 June 2021)

Experience and expertise

Paul has worked for Buddy Technologies for over 6 years. He is the Group’s Vice President of Software Engineering, where he is responsible for leading Buddy’s engineering teams working on mobile apps, cloud infrastructure, device firmware and hardware products. In addition, Paul has been acting as Enterprise Architect, leading the Group’s efforts to implement new systems to drive operational maturity across the business.

Beginning as a management consultant at PriceWaterhouseCoopers, Paul has spent 17 years consulting globally on projects across a range of industries. Some of the organisations Paul has worked on projects for include QANTAS, Boeing, Ericsson, Lloyds Banking Group, ABN AMRO, Standard Life Investments and HTC.

Paul holds a Bachelor of Information Technology: Data Communications & Information Systems - from the Queensland University of Technology.

Special Responsibilities

Nil

Other current directorships of listed companies: Nil

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

Mr Stephen Gates
MBA

Non-Executive Director

(Appointed 19 August 2021)

Experience and expertise

Stephen is an experienced Senior Executive who has held a number of roles in various Global and local organisations for over 25 years – currently Managing Director of Neon-Orient Oceania, a global sourcing company connecting clients with manufacturing.

Previously at Neon-Orient Oceana he held the roles of National Business Development Manager, Country Manager, Executive General Manager and Global Sales Director.

Other global organisations Stephen has worked for include AMCOR, Paperlinx and Aprilasia and Stephen has held positions in Industry Committees such APIA and NOPA.

Special Responsibilities

Nil

Other current directorships of listed companies: Nil

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

Mr James Nelson
BSc

Executive Director

(Appointed 8 June 2021)

Experience and expertise

James has worked at the Group for over 2 years as the Senior eCommerce Director. In this role he manages all aspects of the ecommerce strategy and oversees digital sales, marketing, and development of the technology roadmap for direct-to-consumer revenue.

Prior to his role at the Group, James was the Head of Global Online Commerce for the global skin care brand Aesop. In which he played a critical role in defining and implementing commercialisation strategies for the customer retail experience across multiple channels, and languages. This role saw the development of conventional dotcom ecommerce, in addition to implementation the successful growth of region-specific digital markets in China and Korea.

James has extensive start-up experience, most recently as part of the leadership team of a Hong Kong based travel content business LUXE City Guides, a digital start-up based in Hong Kong that specialised in monetising content creation and app development for the luxury travel and accommodation industry. This operational role oversaw the development of both digital products as well as the production and retail of print-based production. Key partnerships in this role include the development of digital and print solutions for Etihad, Airbnb and Chanel.

Prior to this, Jim has extensive experience with fashion ecommerce and has played transformative roles developing digital solutions for iconic Australian retailers such as Cotton on and Gazman.

Special Responsibilities

Nil

Other current directorships of listed companies: Nil

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

Mrs Rosey Batt

LLB, GDLP, DipEd, FAICD, MSc

Non-Executive Director

(Appointed 30 November 2018)
(Resigned 4 June 2021)

Experience and expertise

Mrs Batt is the CEO of a boutique legal and business consultancy services firm. Rosey was previously a partner with Minter Ellison and has more than 30 years' experience in advising Publicly Listed and Private Companies on compliance, complex litigation, transactions and general commercial issues. Mrs Batt has extensive non- executive Board experience including as Chair and on Audit, Risk and Nomination committees.

Mrs Batt is a Fellow of the AICD and holds a Master of Science and Technology Commercialization (International) from the University of Adelaide and the University of Texas at Austin.

Special Responsibilities

Resigned as Chair of the Remuneration and Nomination Committee

Other current directorships of listed companies: Nil

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

Mr John van Ruth

BA (Accounting), FCA, FAICD

Non-Executive Director

(Appointed 11 February 2016)
(Resigned 4 June 2021)

Experience and expertise

Mr van Ruth has held several Executive roles in public and private institutions and holds a number of non-executive directorships. He spent four years as Chief Financial Officer for Coopers Brewery and held a number of senior executive roles with other iconic South Australian companies including the RAA of SA, Inc., Adelaide Bank and Faulding. His early career was with professional services firms EY, KPMG and Arthur Andersen in Australia, Netherlands and Canada.

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

Special Responsibilities

Resigned as Chair of the Audit and Risk Committee

Other current directorships of listed companies: Nil

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

Mr Alan Robert Sparks

Non-Executive Director

(Appointed 15 December 2020)
(Resigned 4 June 2021)

Experience and expertise

Mr Sparks is an accomplished senior executive with over 40 years of experience in distribution, retail and technology including 20 years of leadership in APAC, ANZ and Africa. Mr Sparks is a member of the South African Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors.

Mr Sparks has served as CEO – Cellnet Group Ltd (ASX: CLT), Vice President – Belkan Asia Pacific based in Hong Kong, President APAC – Carrier Corporation AsiaPac, and Senior Vice President – Phillips Consumer Electronics – APAC, based in Singapore.

Special Responsibilities

Nil

Other current directorships of listed companies: Nil

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

Company Secretary

Ms Victoria Marie Allinson FCCA, AGIA

Ms Allinson is a Fellow of the Association of Certified Chartered Accountants and a member of the Governance Institute of Australia. She has over 30 years accounting and auditing experience, including senior accounting positions in a number of listed companies and as audit manager for Deloitte Touche Tohmatsu. She is currently the Company Secretary and Chief Financial Officer for ASX listed: Kangaroo Island Plantation Timbers Ltd and Elixir Energy Limited and NSX listed: Asset Resolution Limited.

Operating and Financial Review.

Operating And Financial Overview

Principal Activities

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

Buddy’s Consumer Business trades under the LIFX brand and was acquired in 2019. LIFX has established a leading market position as a provider of smart lighting solutions. LIFX products are sold in over 100 countries worldwide, directly and via distribution and sales partnerships with leading retailers and ecommerce platforms including Amazon, JB Hi-Fi, Bunnings, Media Markt, Curry’s PC World, Elkjop and Best Buy (in both the US and Canada).

FY2021 Summary

The year ended 30 June 2021 was for Buddy, like so many, a year of unexpected challenges but also opportunities. The Group consolidated, reduced costs and dealt with significant supply chain challenges. However, over the course of the year the Group marked the following business achievements:

- Maintained approximately flat revenues in a period of very significant store closures, city lockdowns, supply chain disruptions and material increases in shipping costs and delays
- Executed a company-wide reduction in operating costs resulting in $324 thousand of monthly savings
- Introduced the Group’s first smart switching product (the LIFX Smart Switch), which shipped as a premium glass version in Australia/New Zealand and mass market plastic version in North America
- Launched the world-first LIFX Clean anti-bacterial, germicidal smart light, having successfully passed efficacy testing on killing various bacteria in both Australian and U.S. testing labs
- Introduced the Group’s lowest-cost, mass market smart light – the LIFX White – at Amazon and Best Buy in the U.S. for just $9.99 each
- Reached global distribution of the Group’s new, bolder, lighter weight and more environmentally friendly product packaging
- Began selling LIFX smart lights in Apple Stores in Hong Kong and Singapore
- Displaced local lighting conglomerate Osram in German do-it-yourself/hardware store chain Bauhaus with new and updated point-of-sale installations in prime location German stores
- Further expanded the Group’s relationship with both Google and Amazon, selling bundles of LIFX smart lights with Amazon Alexa or Google Home products in various markets around the world
- Had one of the best performing Amazon Prime Day Deals in the world, bundling a LIFX White with an Amazon Echo Dot – with sales peaking at 4 bundles sold per second during the promotion
- Refinanced its term debt and working capital facilities to achieve better terms, a US$10 million forgiveness in debt, and immediate access to capital to replenish inventory worldwide
- Grew its Buddy Ohm installations with new customers in Europe, Central and Latin America
- Was amongst the first partners for Amazon’s Alexa Smart Energy offering.

Results

Total customer revenues for the year ended 30 June 2021 were $28,771,121, decreasing $2,228,233, or 7% from $30,999,354 in the previous year. This decrease was primarily the result of reduced service revenue in our Commercial business, which was significantly impacted by the COVID-19 pandemic. Further, growth in the Consumer business (LIFX) was also impacted by the COVID-19 pandemic, both due to closure of retail locations caused by lockdowns, and impact on the supply chain.

Cost of revenues decreased $441,545 or 2% to $21,341,142 in 2021 from $21,782,687 in 2020 due to lower sales somewhat offset by higher parts and shipping costs due to the impact of COVID-19 on the world-wide supply chain.

Core operating expenses, which includes advertising & marketing expenses, financial, administration, insurance & compliance costs, IT & web costs, employee benefits expense and research & development costs decreased $3,889,544 or 20% from $19,943,486 in 2020 to $16,053,942 in 2021.

The net loss for the year totaled $12,538,835 which improved dramatically from a loss in the prior year of $45,277,907. The 2021 loss was favorably impacted by the forgiveness of debt related to the acquisition of $15,474,693, whereas the 2020 loss was negatively impacted by the write-down of intangible assets of $18,600,000 ($8,800,000 in 2021).

Included in expenses in 2021 are $8,527,931 ($8,489,312 in 2020) of non cash-based expenses (including depreciation, share based payments, amortization of intangibles, option based payments and income tax benefit), $1,144,293 of expenses related to refinancing (nil in 2020) and $6,300,814 ($6,049,185 in 2020) of interest expense (including loan facility fees, arranger fees and the cost of shares issued in conjunction with those facilities) which is primarily related to our acquisition debt, the January 2021 debt restructuring and, to a lesser extent, our ongoing working capital facilities.

Share based payments, which represent the value of employee incentive performance rights that the Group issues as part of every employee's compensation plan and totaled $2,724,296 in 2021 – an increase of $660,309 from $2,063,987 in the prior year primarily due to a greater number of shares issued. Amortization of intangibles ($6,680,000 in both 2021 and 2020) and income tax benefit ($1,402,800 in 2021 and $1,373,508 in 2020) are related to intangible assets and liabilities which resulted from the acquisition of LIFX in 2019.

	2021	2020	2019	2018
Revenues and income	$44,268,632	$32,231,456	$10,432,237	$3,855,503
Adjusted EBITDA	($5,754,360)	($11,602,414)	($12,688,464)	($10,270,994)
Loss for the year	($12,538,835)	($45,277,907)	($27,363,923)	($13,877,497)
Earnings (loss) per share (cents per share)	(0.44)	(2.01)	(2.15)	(1.35)
Share price at year end (cents per share)	4.3	1.3	4.9	12.5

Dividends

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

Significant Events After the Balance Date

Other than disclosed in this report and below, no other matter or circumstance has arisen since 30 June 2021 that has significantly effected or may significantly effect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

- On 16 July 2021, the Group announced an equity placement to raise $6.5 million before costs. US$1 million ($1.3 million) was used for debt payment with the remainder to be used for working capital purposes.
- On 1 September 2021, the Group announced the completion of its entitlement offer as well as the issuance of US$4.25 million ($5.65 million) of convertible notes in a debt

restructuring which settled all amounts due as a result of the LIFX acquisition as well as restructuring US$2.5 million ($3.3 million) of term debt.

In addition, the Group has made price-sensitive and other announcements since 30 June 2021. A summary of those announcements follows. The reader is invited to read the entire announcements which are available in the investor section of the Group's website at https://buddy.com/asx-announcements/.

Significant Changes in the State of Affairs

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

Economic, Environmental and Social Sustainability Risk Management

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

As with nearly every organisation worldwide, the Group was impacted quite significantly by the COVID-19 pandemic. For Buddy, the business was exposed on several fronts - the Group's smart lights are manufactured in Shenzhen, China which was impacted early and deeply when the Chinese government moved to implement a lockdown in that region. This had a material effect not only on manufacturing, but the Group's ability to acquire materials used in the manufacturing process (because suppliers of those materials were also shutdown). While the impact on our manufacturer and our supply chain was immediate, the impact of this on our business was not to be felt until some time later. Stock shortages that became evident at the very end of fiscal 2020 and which continue to the date of this report, can be traced back to these events.

Conversely, the impact to the Group on consumer sales was felt immediately, but began to ease as the COVID-19 pandemic ebbed towards the end of the 2020 fiscal year. The business has suffered constrained sales due to COVID-19 - at first because most of the Group's retail partner locations were closed (and less than 100% of that sales traffic moved to online channels), and then later because stock levels were low when retail locations opened back up (due to the aforementioned supply chain impact).

From a commercial perspective, the impact of COVID-19 has been quite significant, however since commercial revenues are a smaller proportion of Group revenues, this has not had an overall meaningful impact. Sales of Buddy Ohm had been reasonably strong during the latter part of the financial year, however lockdowns in the Group's target markets have meant that installation of sold systems has not been possible thus deferring revenue recognition since revenue from Buddy Ohm sales is only able to be recognised after installation of those systems.

A further complicating factor was that a material portion of Group commercial revenues for 2020 is derived from the Group's relationship with Thor Industries, Inc. The complete shutdown of the relevant parts of Thor's business as they pertain to Buddy, meant that a renegotiation of the commercial relationship between the parties was required and ultimately the relationship was ended in 2021.

Environmental Regulation

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

Indemnification and Insurance of Directors and Officers

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

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

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

Directors' Interests in the Shares and Options of the Group

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

	Shares		Options		Performance Shares		Employee Incentive Performance Rights	
Director	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**
David McLauchlan	140,851,820	1,000,000	2,500,000	-	22,166,667	-	-	-
Richard Borenstein	29,238,101	14,392,784	-	-	3,333,333	-	2,777,783	
James Nelson	730,555	-	-	-	-	-	625,000	-
Paul Russell	1,180,050	7,138,779	-	-	333,333	-	-	7,125,000
Stephen Gates	-	8,609,824	-	-				
Total	**172,000,526**	**31,141,387**	**2,500,000**	**0**	**25,833,333**	**0**	**3,402,783**	**7,125,000**

Meetings Of Directors

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

	Director meetings		Audit committee meetings		Remuneration and nomination committee meetings	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
David McLauchlan	26	26	-	-	-	-
Richard Borenstein	26	26	3	3	3	3
John van Ruth *(resigned 4 June 2021)*	23	23	3	3	-	-
Rosey Batt *(resigned 4 June 2021)*	23	23	-	-	3	3
Alan Sparks *(appointed 15 December 2020; resigned 4 June 2021)*	17	17	3	3	3	3
Jim Nelson *(appointed 8 June 2021)*	2	2	-	-	-	-
Paul Russell *(appointed 8 June 2021)*	2	2	-	-	-	-

Non-committee Directors attended committee meetings from time-to-time. That attendance is not included above.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of the Group for the year ended 30 June 2021. The information contained in this report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

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

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

Key Management Personnel

Mr David McLauchlan	Executive Director & CEO
Mr Richard Borenstein	Non-executive Chairman
Mr James (Jim) Nelson	Executive Director *(appointed 8 June 2021)*
Mr Paul Russell	Executive Director *(appointed 8 June 2021)*
Mr. Richard Jacroux	Chief Financial Officer
Mr. John van Ruth	Non-executive Director *(resigned 4 June 2021)*
Mrs. Rosey Batt	Non-executive Director *(resigned 4 June 2021)*
Mr Alan Sparks	Non-executive Director *(appointed 15 December 2020)* *(resigned 4 June 2021)*

Remuneration Policy

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

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

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

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

Executive Remuneration

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

Fixed Remuneration

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

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and KMPs. Currently, this is facilitated through the issue of Performance Rights and Incentive Rights to KMP to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

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

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

Service Contracts

Non-Executive Directors

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

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

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

Executives

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

Executive Services Agreement - David McLauchlan

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

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

(a) Salary: Under the ESA, Mr McLauchlan receives an annual salary of US$250,000 which equates to approximately $334,762 (see also note below).

(b) Performance Bonus: The Group may, at any time, pay Mr McLauchlan, a performance-based bonus over and above the Salary (none paid in 2021 or 2020).

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

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

Note: Due to COVID-19, Mr McLauchlan elected to have his salary reduced.

Executive Services Agreement – James (Jim) Nelson

The Group and James Nelson entered into a Services Agreement (SA) for his role as Director of eCommerce commencing on his date of employment being 1st July 2019.

The material terms of the SA are as follows:

(a) Salary: Mr. Nelson receives an annual salary of $170,000 (see note below).

(b) Employee Incentive Performance Rights (EIPR): Mr Nelson received a grant of 1,250,000 EIPR with standard vesting over four years.

(c) Mr Nelson is employed with the Group on standard employment terms for Australian employees and may be terminated at any time by either Mr Nelson or the Group upon notice to the other. If terminated by the Group without cause, Mr Nelson would be due standard redundancy pay according to employment standards and law.

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

Note: Due to COVID-19, Mr Nelson elected to have his salary reduced.

Executive Services Agreement – Paul Russell

The Group and Paul Russell entered into a Services Agreement (SA) for his role as Vice President of Software Engineering commencing on his date of employment being 1st April 2016.

The material terms of the SA are as follows:

(a) Salary: Mr. Russell receives an annual salary of $200,000 (see note below).

(b) Employee Incentive Performance Rights (EIPR): Mr Russell received a grant of 4,000,000 EIPR with standard vesting over four years. In 2017, Mr Russell received an additional grant of 537,500 EIPR with standard vesting. In 2019, he received an additional grants of 16,000,000 EIPR with standard vesting and a grant of 1,250,000 fully vested EIPR. In 2020, he received a fully vested grant of 255,963 EIPR.

(c) Mr Russell is employed with the Group on standard employment terms for

Australian employees and may be terminated at any time by either Mr Russell or the Group upon notice to the other. If terminated by the Group without cause, Mr Russell would be due standard redundancy pay according to employment standards and law.

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

Note: Due to COVID-19, Mr Russell elected to have his salary reduced.

Executive Services Agreement – Richard Jacroux

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

The material terms of the SA are as follows:

(a) Salary: Mr. Jacroux receives an annual salary of US$210,000 which equates to approximately $281,200 (see also note below).

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

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

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

Note: Due to COVID-19, Mr Jacroux elected to have his salary reduced.

Remuneration of Directors and Executives

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

Key Management Personnel of Buddy Technologies Limited

2021	**Short Term Benefits**			**Post-Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary & Fees $**	**Bonus**	**Non-Monetary $**	**Super-annuation**	**Performance Shares & Rights $**	**Total $**	**% Performance Related**
David McLauchlan	248,979	-	-	-	-	248,979	-
Richard Borenstein	-	-	-	-	621,111	621,111	-
James Nelson [1]	141,518	-	-	13,444	20,093	175,055	11%
Paul Russell [1]	181,636	-	-	17,255	194,882	393,773	49%
Richard Jacroux	209,142	-	-	-	72,681	281,823	26%
John van Ruth [2]	-	-	-	-	310,556	310,556	100%
Rosey Batt [2]	-	-	-	-	310,556	310,556	100%
Alan Sparks [3]	-	-	-	-	-		-
Total	**781,275**	**-**	**-**	**30,699**	**1,529,879**	**2,341,853**	**65%**

[1] appointed 8 June 2021
[2] resigned 4 June 2021
[3] appointed 15 December 2020 - resigned 4 June 2021

ACN: 121 184 316

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

[1] resigned 30 April 2020

Shareholdings of Key Management Personnel

The number of ordinary shares of Buddy Technologies Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities for the year ended 30 June 2021 is as follows:

Key Management Personnel	Held at 1 July 2020	Purchase or conversion	Sold or change due to resignation	Held at 30 June 2021
David McLauchlan	135,851,820	1,000,000		136,851,820
Richard Borenstein	25,408,668	15,444,442		40,853,110
James Nelson [1]	n/a			574,305
Paul Russell [1]	n/a			6,318,829
Richard Jacroux	4,750,000	1,250,000	-	6,000,000
John van Ruth [2]	1,478,146	7,222,222	(8,700,368)	n/a
Rosey Batt [2]	-	8,888,889	(8,888,889)	n/a
Alan Sparks [3]	-	-	-	n/a
Total	**167,488,634**	**33,805,553**	**(17,589,257)**	**190,598,064**

[1] appointed 8 June 2021

[2] resigned 4 June 2021

[3] appointed 15 December 2020 - resigned 4 June 2021

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Buddy Technologies Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2021 is as follows:

Key Management Personnel	Held at 1 July 2020	Conversion	Expiry of options	Change due to appointment/ (resignation)	Held at 30 June 2021	Vested and exercisable at 30 June 2021
Richard Borenstein	854	-	(854)	-	-	-
Total	**854**	**-**	**(854)**	**-**	**-**	**-**

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

Performance Shares of Key Management Personnel

The number of Performance Shares in Buddy Technologies Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2021 is as follows:

Key Management Personnel	Held at 1 July 2020	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2021	Vested and exercisable at 30 June 2021
David McLauchlan	22,166,667			22,166,667	-
Richard Borenstein	3,333,333			3,333,333	-
John van Ruth [1]	833,333		(833,333)	n/a	-
Paul Russell [2]	333,333			333,333	-
Total	**26,666,666**	**-**	**(833,333)**	**25,833,333**	**-**

[1] resigned 4 June 2021 [2] appointed 8 June 2021

Employee Incentive Performance Rights & Replacement Rights of Key Management Personnel

The number of Performance Rights in Buddy Technologies Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2021 is as follows:

Key Management Personnel	Held at 1 July 2020	Granted	Conversion	Change due to resignation	Held at 30 June 2021	Vested and exercisable at 30 June 2021
Richard Borenstein	-	20,000,000	(14,444,442)	-	5,555,558	-
James Nelson [1]	1,250,000	-	(468,750)	-	781,250	-
Paul Russell [1]	13,600,781	255,963	(4,731,745)		9,125,000	-
Richard Jacroux	1,750,000		(1,250,000)	-	500,000	-
John van Ruth [2]	-	10,000,000	(7,222,222)	(2,777,778)	n/a	n/a
Rosey Batt [2]	-	10,000,000	(7,222,222)	(2,777,778)	n/a	n/a
Total	**16,600,781**	**40,255,963**	**(35,339,381)**	**(5,555,556)**	**15,961,808**	**-**

[1] appointed 8 June 2021 [2] resigned 4 June 2021

Share-based Compensation

On 29 January 2021, three non-executive Directors were granted Employee Incentive Performance Rights which were 63.89% vested on the date of grant with the remainder vesting monthly through 28 January 2022. These grants were approved by shareholders at the Annual General Meeting and represented compensation for their service from their date of appointment and therefore represented more than one year of compensation.

Other Related Party Transactions

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

Remuneration report at 2020 Annual General Meeting

The remuneration report was passed by the requisite majority of votes at the Group's 2020 Annual General Meeting.

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

Likely Developments and Expected Results

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

Corporate Governance

In recognising the need for the high standards of corporate behaviour and accountability, the Group's Directors support and have substantially followed the best practice recommendations set by the ASX Corporate Governance Council. The Group's 2021 Corporate Governance Statement reflects its corporate governance practices for the financial year ended 30 June 2021 and was approved by the Board in September 2021. The Group's 2021 Corporate Governance Statement and corporate governance policies are available from the corporate governance section of the Group's website at www.buddy.com.

Auditors Independence Declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found later in this annual report.

Auditor

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

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Share Options and Warrants

Shares under Option and Warrant

As at 30 June 2021 and at the date of this report, there existed the following unlisted options:

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option and Warrant	Vested & Exercisable
1 April 2019	29 March 2023	7.59c	532,765	532,765
1 April 2019	1 April 2024	7.59c	50,000,000	50,000,000
14 December 2020	16 October 2021	3.24c	30,000,000	30,000,000
29 January 2021	10 March 2026	5.8c	50,000,000	50,000,000

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

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

Performance Shares

As at 30 June 2021 and at the date of this report, the following unlisted Performance Shares were on issue:

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option	Vested & Exercisable
17 December 2015	17 December 2020	nil	29,833,334	-

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

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

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

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

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

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

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

Employee Incentive Performance Rights

As at 30 June 2021 and at the date of this report, there existed the following unlisted Employee Incentive Rights:

	Date of Report	2021
Outstanding at the beginning of the year	**80,896,575**	**88,066,997**
Rights and shares granted	8,658,725	58,945,332
Shares issued and rights converted to ordinary shares	(22,086,037)	(66,115,754)
Forfeited	(27,610,901)	-
Outstanding at year-end	**39,858,362**	**80,896,575**
Vested and exerciseable	**-**	**-**

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

Audit and Non-audit Services

During the year the following fees were paid or payable for services provided by an auditor.

	Consolidated	
Audit Services	**2021 $**	**2020 $**
Amounts payable to auditor of parent entity		
- Audit and review of financial statements	148,500	102,500
- Non-audit services	8,500	-
	157,000	**102,500**

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

David McLauchlan
CEO & Executive Director

Date: 30 September 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Buddy Technologies Limited and its controlled entities for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

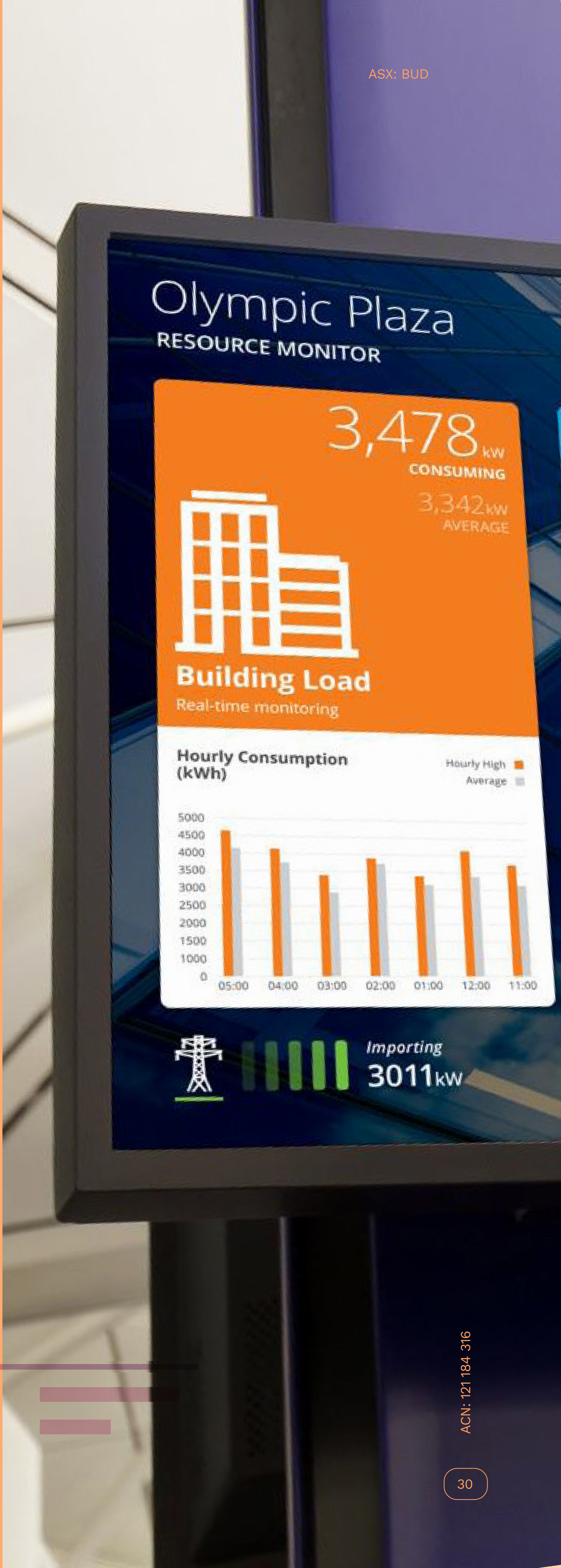
RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 September 2021
Melbourne, Victoria

Consolidated Financial Statements.



Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2021 Note	Note	Consolidated Buddy Technologies Limited 30 June 2021 $	Consolidated Buddy Technologies Limited 30 June 2020 $
Sale of goods revenue	4	28,071,122	28,341,500
Service revenue	4	699,999	2,657,854
Government grants & subsidies received	4	1,466,140	1,070,982
Government rebates received	4	909,185	39,600
Finance & miscellaneous income	4	138,546	121,520
Cost of revenues		(21,341,142)	(21,782,687)
Advertising & marketing expenses		(2,844,303)	(4,840,423)
Financial, administration, insurance & compliance costs		(1,579,624)	(2,429,110)
Depreciation		(526,435)	(692,833)
IT & web costs		(87,617)	(169,183)
Employee benefits expense		(9,868,480)	(10,634,915)
Share based payments		(2,724,296)	(2,063,987)
Research & development		(1,673,918)	(1,869,855)
Amortization of intangibles		(6,680,000)	(6,680,000)
Refinancing costs		(1,144,293)	-
Acquisition related costs		-	(1,910,504)
Interest costs		(6,300,814)	(6,049,185)
Option based payments		-	(426,000)
Realised foreign currency gains (losses)		2,869,602	(734,189)
Gain on debt forgiveness	11	15,474,693	-
Impairment of intangible assets	12	(8,800,000)	(18,600,000)
Loss before income tax expense		(13,941,635)	(46,651,415)
Income tax benefit	6	1,402,800	1,373,508
Loss for the year		**(12,538,835)**	**(45,277,907)**
Other Comprehensive Income / (Loss):			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments at fair value through other comprehensive income (FVOCI)			-
Foreign currency translation differences for foreign operations		(175,194)	(1,709,764)
Other comprehensive loss for the period, net of tax		(175,194)	(1,709,764)
Total Comprehensive Loss for the year		**(12,714,029)**	**(46,987,671)**
Basic & Diluted Loss per share - cents per share	5	(0.44)	(2.01)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial statements.

ACN: 121 184 316

Consolidated Statement of Financial Position

As at 30 June 2021	Note	Consolidated Buddy Technologies Limited 30 June 2021 $	Consolidated Buddy Technologies Limited 30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,092,212	2,502,462
Trade and other receivables	8	4,975,830	2,579,550
Inventory	9	11,949,003	4,531,106
Other assets - Prepayments		1,519,693	5,084,581
Total current assets		**20,536,738**	**14,697,699**
Non-current assets			
Property, plant & equipment	10	882,901	573,429
Right of use asset		146,785	254,849
Intangible assets	12	48,198,956	63,678,956
Total Non-Current Assets		**49,228,642**	**64,507,234**
TOTAL ASSETS		**69,765,380**	**79,204,933**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	5,697,568	13,375,644
Employee benefit liability	20	578,748	535,152
Lease liability		41,059	104,905
Borrowings including current portion of term loan	14	22,478,090	14,555,395
Deferred acquisition consideration	27	-	18,577,437
Total Current Liabilities		**28,795,465**	**47,148,533**
Non-Current Liabilities			
Lease liability		104,297	145,492
Employee benefit liability	20	157,314	-
Borrowings	14	4,906,851	-
Deferred taxation	6	3,857,700	5,260,500
Total Non-Current Liabilities		**9,026,162**	**5,405,992**
TOTAL LIABILITIES		**37,821,627**	**52,554,525**
NET ASSETS		**31,943,753**	**26,650,408**
EQUITY			
Share capital	15	141,813,696	126,207,566
Reserves	15	37,069,329	35,123,943
Accumulated losses		(146,939,272)	(134,681,101)
Equity attributable to owners of the parent		31,943,753	26,650,408
TOTAL EQUITY		**31,943,753**	**26,650,408**

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

Consolidated 2021	**Issued Capital $**	**Share and Option Reserve $**	**Foreign currency Translation Reserve $**	**Fair Value Reserve $**	**Accumulated Losses $**	**Total Equity $**
Total equity at 1 July 2020	**126,207,566**	**35,737,293**	**64,916**	**(678,266)**	**(134,681,101)**	**26,650,408**
Expiration of options	-	(280,664)	-	-	280,664	-
Total Profit / (Loss) for the period	**-**	**-**	**-**	**-**	**(12,538,835)**	**(12,538,835)**
Other Comprehensive Income	-	-	(175,194)	-	-	(175,194)
Total Comprehensive Income / (Loss) for the period		**-**	**(175,194)**		**(12,538,835)**	**(12,714,029)**
Transactions with equity holders:						
Shares issued during the period:						
Shares issued in satisfaction of debt	3,245,910	-	-	-	-	3,245,910
Shares issued pursuant to capital raising	13,000,000	-	-	-	-	13,000,000
Costs of capital raising	(639,780)	-	-	-	-	(639,780)
Share based payments	-	2,724,296	-	-	-	2,724,296
Options issued and capitalised	-	2,168,000	-	-	-	2,168,000
Options cancelled	-	(2,491,052)	-	-	-	(2,491,052)
Total equity at 30 June 2021	**141,813,696**	**37,857,873**	**(110,278)**	**(678,266)**	**(146,939,272)**	**31,943,753**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

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

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021	Note	Consolidated Buddy Technologies Limited 30 June 2021 $	Consolidated Buddy Technologies Limited 30 June 2020 $
Cash flows from operating activities			
Receipts from customers		26,543,617	32,183,498
Interest & miscellaneous income received		138,546	121,520
Receipts of government grants and subsidies		1,297,364	1,359,531
Receipts of government rebates		909,185	39,600
Payments for research & development		(1,673,918)	(1,869,655)
Payments to suppliers and employees		(39,532,917)	(38,368,721)
Debt raising and acquisition related costs		(1,144,293)	(2,013,659)
Interest paid		(7,150,967)	(1,707,213)
Net cash flows used in operating activities	**16**	**(20,613,383)**	**(10,255,099)**
Cash flows from investing activities			
Payments for plant and equipment		(611,724)	(221,705)
Payments received for notes receivable		-	333,761
Net cash flows used in investing activities		**(611,724)**	**112,056**
Cash flows from financing activities			
Proceeds from borrowings		31,794,194	7,784,229
Proceeds from share issue		13,000,000	11,437,481
Repayment of borrowings		(23,100,517)	(7,242,920)
Lease payments		(63,846)	(53,650)
Capital Raising Costs		(639,780)	(527,926)
Net cash flows provided by financing activities		**20,990,051**	**11,397,214**
Net (decrease)/increase in cash and cash equivalents held		(235,056)	1,254,171
Effect of FX rate changes		(175,194)	(1,709,764)
Cash and cash equivalents at the beginning of the period		2,502,462	2,958,055
Cash and cash equivalents at the end of the period	**7**	**2,092,212**	**2,502,462**

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the financial statements.

ACN: 121 184 316

Notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Note 1: Reporting Entity

Buddy Technologies Limited (the "Company") is a company domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX: BUD). The consolidated financial statements of the Group as at and for the year ended 30 June 2021 comprises the Group and its subsidiaries (collectively referred to as the "Group").

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

Note 2: Basis of Preparation

This general purpose financial report for the year ended 30 June 2021 has been prepared in accordance with *Corporations Act 2001* and Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board.

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

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

This Consolidated Financial Report was approved by the Board of Directors on 30 September 2021.

Historical Cost Convention

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

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

Going Concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss after tax of $12,538,835 (2020: $45,277,907) and had net cash out flows from operating activities of $20,613,383 (2020: $10,255,099) for the year ended 30 June 2021. As at that date the consolidated entity had net current liabilities of $8,258,727 (2019: $32,450,834).

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

- In July 2021, the consolidated entity raised $6.5 million (before capital raising costs) in an equity placement of which US$1 million ($1.3 million) was used to repay current borrowings;
- In August 2021, the consolidated entity restructured its borrowings which resulted in debt forgiveness by Luminous Wide Limited (Luminous) and Eastfield Lighting (Hong Kong) Co Limited ("Eastfield") of approximately $4 million. As part of the restructure, the consolidated entity issued US $4.25 million ($5.65 million) worth of convertible notes to PFG with a maturity of May 2024. The proceeds from the convertible notes will be used to retire the remaining debt left of Luminous and Eastfield;

Note 2 cont.

- The Directors have prepared cashflow forecasts for the next 12 months from the date of signing this financial report. After taking into account the above matters, and expectation of considerable growth in revenue to reduce operating cash outflows significantly, the Directors expect the consolidated entity to have a positive cash position; and
- If needed, the consolidated entity will seek to raise additional funds which may be in the form of equity, debt or convertible debt. The consolidated entity has a proven record of being able to raise funds to support its business plan including receiving $13 million capital raising (pre costs of capital raising) and securing new sources of debt during the year ended 30 June 2021.

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

In the event that the forecast is not met or these measures are unsuccessful, there would be a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

Note 3: Significant Accounting Policies

(A) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Buddy Technologies Limited and its subsidiaries at 30 June 2021 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Buddy Technologies Limited. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

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

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

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

Note 3: (A) cont.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

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

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

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

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

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

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

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

Note 3: (A) cont.

Intangible Assets Acquired in a Business Combination

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

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

Contingent Liabilities Acquired in a Business Combination

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

(B) Segment Reporting

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

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

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

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

(C) Income Tax

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity

Note 3: (C) cont.

has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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

(D) Goods and Services Tax and Similar Taxes

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

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

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

(E) Trade and Other Receivables

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

(F) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

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

Computer Equipment	4 years
Software	3 years
Office Equipment	5 years

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

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

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

(G) Intangible Assets and Goodwill

i. Goodwill

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be

Note 3: (G) cont.

impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

ii. Research and Development

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

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

iii. Other Intangible Assets

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

iv. Subsequent Expenditure

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

v. Amortisation and Useful Life

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

Brand/Intellectual Property	5 years

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

(H) Impairment

Impairment of Non-Financial Assets

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

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

Note 3: (H) cont.

Impairment of Non-Derivative Financial Assets

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

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

(I) Share-Based Payments

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

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

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

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

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

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

(J) Cash and Cash Equivalents

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

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

(K) Revenue Recognition

Revenue From Contracts with Customers

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

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

Note 3: (K) cont.

Buddy Cloud

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

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

Buddy Ohm

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

LIFX Products

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

Research and Development Grants

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

Finance Income

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

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

(L) Issued Capital

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

(M) Earnings per Share

i. Basic Earnings Per Share

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

ii. Diluted Earnings Per Share

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

(N) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

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

(O) Foreign Currency Translation

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

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

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

(P) Employee Benefits

Short-term Employee Benefits

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

Defined Contribution Superannuation Expense

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

(Q) Government Grants

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

(R) Significant Accounting Estimates and Assumptions

Critical Accounting Estimates

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

Coronavirus (COVID-19) Pandemic

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

Share Based Payments

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. For instruments with non-market vesting conditions the probability that the instruments will vest has to be

Note 3: (R) cont.

assessed. The assumptions in relation to the valuation of the equity instruments are detailed in a later Note. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of asseand liabilities within the next reporting period, but may impact expenses and equity.

Intangible Assets and Goodwill

The Group has intangible assets with a carrying amount of $18,370,000 and goodwill with a carrying amount of $29,828,956, arising through a business combination completed during the 2019 financial year.

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

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

Refer to the Note on Intangible Assets and Goodwill for key assumptions made for the 'value-in-use' calculations.

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

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

(S) Comparative Information

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

(T) Inventory

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

(U) Application of New and Revised Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Note 4: Revenue

	Consolidated	
	2021	2020
	$	$
Revenue from contracts with customers		
Sale of goods	28,071,122	28,341,500
Rendering of services	699,999	2,657,854
	28,771,121	30,999,354
Revenue from governments		
Subsidies received relative to COVID-19	1,466,140	1,070,982
Grants & rebates received	909,185	39,600
	2,375,325	1,110,582
Finance & other income		
Rent from subleasing office space	63,355	69,020
Interest received from banks	1,705	1,935
Other income	73,486	52,500
	138,546	123,455
Revenue	**31,284,992**	**32,233,391**

Geographical Regions		
Australia	4,953,721	6,368,235
North America	19,919,116	19,866,562
EMEA	3,898,284	4,764,557
	28,771,121	**30,999,354**
Timing of revenue recognition		
Goods transferred at point in time	28,071,122	28,341,500
Services transferred over time	699,999	2,657,854
	28,771,121	**30,999,354**

Note 5: Loss Per Share

	Consolidated	
	2021	2020
	$	$
Basic and diluted profit & (loss) per share - cents	(0.44)	(2.01)
Profit/(Loss) used in the calculation of basic and diluted loss per share	(12,538,835)	(45,277,907)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	2,821,962,121	2,251,712,653
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	2,821,962,121	2,251,712,653

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

Note 6: Income Tax

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

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

	Consolidated	
	2021	2020
	$	$
	(13,941,635)	**(46,651,415)**
Income tax using the domestic corporation tax rate of 30%	(4,182,490)	(13,995,425)
Expenditure not allowable for tax purposes		
• Share based payments	817,289	746,996
• Amortization of intangibles	2,004,001	2,004,000
• Impairment of goodwill	2,640,000	5,580,000
• Non-Deductible Expenditure	65	584,135
Non-Assessable Income		
Cash flow booster & R&D Rebate	(15,000)	(354,673)
Temporary differences		
• Unrecognised Temporary Differences	(172,592)	4,874,372
• Capital raising costs deductible	(191,934)	(158,378)
• Unrecognised tax losses	503,461	2,092,480
Income tax benefit (expense)	**1,402,800**	**1,373,508**

Note 6 cont.

Unrecognised Deferred Tax Assets

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

	Consolidated	
	2021	**2020**
	$	**$**
Deductible temporary differences	1,410,534	1,776,013
Tax losses	1,190,066	3,901,198
Total	**2,600,600**	**5,677,211**

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

Deferred Tax Liabilities

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

	Consolidated	
	2021	**2020**
	$	**$**
Deductable temporary differences	7,014,000	7,014,000
Tax benefit	(3,156,300)	(1,753,500)
Total	**3,857,700**	**5,260,500**

Note 7: Cash and Cash Equivalents

	Consolidated	
	2021	**2020**
	$	**$**
Reconciliation to Statement of Financial Position		
Cash at bank	1,404,107	1,866,329
Restricted cash	688,105	636,133
Total cash and cash equivalents	**2,092,212**	**2,502,462**

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

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

Note 8: Trade and Other Receivables

	Consolidated	
	2021	2020
	$	$
Current		
Trade receivables	4,612,435	2,547,602
Other receivables	363,395	31,948
Total Current Trade and Other Receivables	**4,975,830**	**2,579,550**

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

Ageing of receivables past due not impaired

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

Note 9: Inventory

	Consolidated	
	2021	2020
	$	$
Finished goods at cost	12,527,960	5,153,309
Provision for inventory obsolescence	(578,957)	(622,203)
Total inventory	**11,949,003**	**4,531,106**

	Consolidated	
	2021	2020
	$	$
Provision for inventory obsolescence at 1 July	(622,203)	(812,088)
Used during the year	-	-
Relieved (charged) in year	43,246	189,885
Provision for inventory obsolescence at 30 June	**(578,957)**	**(622,203)**

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Note 10: Property, Plant & Equipment

	Consolidated	
	2021	2020
	$	$
Computer Equipment		
Opening Balance	109,244	134,742
Additions	12,933	17,466
Transfers	(50,304)	-
Disposals	(5,120)	-
Depreciation	(14,122)	(42,964)
Total Computer Equipment	**52,631**	**109,244**
Furniture & Fittings		
Opening Balance	35,110	32,077
Additions	-	8,881
Transfers	(3,308)	-
Disposals	(1,647)	-
Depreciation	(4,300)	(5,848)
Total Furniture & Fittings	**25,855**	**35,110**
Office & Testing Equipment		
Opening Balance	342,866	418,454
Additions	238,320	57,300
Transfers	29,817	-
Disposals	-	-
Depreciation	(113,732)	(132,888)
Total Office & Testing Equipment	**497,271**	**342,866**
In-Store Displays		
Opening Balance	86,209	510,564
Additions	484,833	138,058
Transfers	23,795	-
Disposals	-	(101,954)
Depreciation	(287,693)	(460,459)
Total In-Store Displays	**307,144**	**86,209**
Net Book Value for Property, Plant and Equipment	**882,901**	**573,429**

Note 11: Gain on Debt Forgiveness

As part of a debt restructuring in January, 2021, the holder of the Deferred Acquisition Consideration forgave US$10,000,000 ($12,983,641) of the principal amount of that debt. As part of the extinguishment of debt, the holder agreed to the cancellation of 50,000,000 options to allow for the same amount of options being reissued to Partners For Growth (PFG) for the various debt facilities PFG provided to the Group (see Note regarding Borrowings).

	2021	2020
	$	$
Gain on debt forgiveness - principal	12,983,641	-
Gain on debt forgiveness - options	2,491,052	-
Total gain on debt forgiveness	**15,474,693**	**-**

Note 12: Intangible Assets and Goodwill

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

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

In relation to the LIFX cash generating unit (CGU), given the Group's market capitalization at 30 June 2021 and the impact of COVID-19, the Group performed an analysis to see if an impairment charge was warranted. As a result of the value-in-use calculation using a discounted cash flow model, the Group recorded an impairment charge of $8,800,000 in the consolidated statement of profit or loss and other comprehensive income.

The key assumptions included in the preparation of the discounted cash flow model that was prepared using a 5 year forecast with a terminal value were:

- Pre-tax discount rate of 27%
- Revenue in financial year 2022 to increase 70% over 2021
- Revenue growth rate of 20% after financial year 2022
- Operating cost and overheads growth rate of 3% per year
- Cash terminal value growth rate of 2.5%

The discount rate of 27% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements. If there are any negative changes in the key assumptions on which the recoverable amount of the goodwill is based, this would result in a further impairment charge of goodwill.

Forecasted revenue in financial year 2022 has been forecasted to increase by 70% from 2021. If forecasted revenue only increases in the range of 35% to 70%, the impairment would be at a range of $8.8 million to $48.2 million.

Intangibles	**Consolidated**	
	2021	2020
	$	$
Brand & intellectual property	33,400,000	33,400,000
Amortization	(15,030,000)	(8,350,000)
	18,370,000	25,050,000

Note 12 cont.

Goodwill	38,628,956	57,228,956
Impairment	(8,800,000)	(18,600,000)
	29,828,956	38,628,956
Total Intangibles	**48,198,956**	**63,678,956**

Note 13: Trade and Other Payables

	Consolidated	
	2021	**2020**
	$	**$**
Trade payables[1]	5,104,004	8,343,189
Sundry payables and accrued expenses[2]	593,564	5,032,454
Total Trade and Other Payables	**5,697,568**	**13,375,643**

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

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

Note 14: Borrowings

	Consolidated	
	30 June 2021	**30 June 2020**
Borrowings	**$**	**$**
Lines of Credit	13,301,410	11,850,108
Term Loans (net of capitalised loan fees)	5,907,763	-
Eastfield LoC+AP	7,675,738	-
Other loan facilities	500,000	-
Inventory Finance Facility	-	2,521,644
COVID-19 government loans	-	183,644
Total borrowings and term loans	**27,384,941**	**14,555,395**
Current portion (net of capitalised loan fees)	22,478,090	14,555,395
Long-term portion (net of capitalised loan fees)	4,906,851	-
Total borrowings and term loans	**27,384,941**	**14,555,395**

The Group has entered into the following lending arrangements:

Loan facility: Line of Credit

Total drawn at 30 June 2021:	US$10,000,000 ($13,301,410)
Total Facility Amount:	US$10,000,000
Use of funds:	Working capital
Lender:	Partners For Growth
Interest Rate:	12.5%.
Secured or unsecured:	secured by receivables and inventory
Payment:	Revolving LoC
Term:	December 2023

Note 14 cont.

Loan facility: Term Loan Tranche 1

Total drawn at 30 June 2021:	US$6,907,895 ($9,188,474) less capitalised loan fees of $3,880,512
Loan:	Term Loan
Total Facility Amount:	US$6,907,895 (originally US$7.5 million)
Use of funds:	refinancing previously existing debt
Lenders:	Partners For Growth
Interest Rate:	12.5%
Secured or unsecured:	secured by Group assets
Payment: As of 30 June 2021:	monthly payments of principal of US$197,368 plus interest due. This obligation was restructured whereby on 31 August 2021, the outstanding balance will be reduced by US$2,500,000 by the issuance of long-term debt in the form of convertible promissory notes. After this reduction, the monthly payments on this obligation will be reduced to approximately US$127,592 plus interest due. See also subsequent events Note.
Term:	May 2024

A second term loan, **Term Loan Tranche 2**, of US$2,500,000 was entered into in January 2021 and was offset by issuance of BUD shares totalling US$2,500,000. This tranche is paid down as the lender sells the shares, has the same terms as the PFG Term Loan above (but with no principal payments due) and has a net current balance (after subtracting the remaining shares held by the lender) of $599,831 as at 30 June 2021.

Loan facility: Eastfield LoC+AP

As part of the acquisition of LIFX, the Group assumed the balance of amounts due from LIFX to their primary manufacturer and majority shareholder.

Total facility:	US$5,770,620 (A$7,675,738) including accrued interest
Total drawn at 30 June 2021:	US$5,770,620 (A$7,675,738) including accrued interest
Use of funds:	Working capital (incurred prior to acquisition of Lifi Labs, Inc. dba LIFX) In 2019, as part of the acquisition of LIFX, the Group assumed these obligations which LIFX had with their primary shareholder and manufacturer, Eastfield. Some of these amounts were previously held in Accounts Payable and as part of the January debt refinancing, were reclassified as borrowings.
Lender:	Eastfield/Luminous (from acquisition of Lifi Labs, Inc. dba LIFX)
Interest Rate:	US$3,000,000 at 12% + 5% on late payments plus US$2,400,000 at 15%
Secured or unsecured:	US$3,000,000 secured by second position on assets; remainder is unsecured
Payment:	Subsequent to year-end, this obligation was reduced to US$2,750,000 and was paid 31 August 2021. This payment was financed by US$1,000,000 from the Group and US$1,750,000 from the issuance of long-term convertible promissory notes. There will be no further obligation outstanding under this agreement.

Note 14 cont.

Loan facility: Loan Facility 1

Total drawn at 30 June 2021:	$250,000
Total Facility Amount:	$1,500,000
Use of funds:	Working capital
Lender:	DM Capital Management Pty. Ltd.
Interest Rate:	10%.
Secured or unsecured:	unsecured
Payment:	upon maturity (27 September 2021)
Term:	28 September 2020 - 27 September 2021

Loan facility: Loan Facility 2

Total drawn at 30 June 2021:	$250,000
Total Facility Amount:	$1,500,000
Use of funds:	Working capital
Lender:	Anfield Group Pty. Ltd.
Interest Rate:	10%.
Secured or unsecured:	unsecured
Payment:	upon maturity (25 November 2022)
Term:	26 May 2021 – 25 November 2022

Subsequent to year-end, the Group entered into the following arrangement:

Loan facility: Convertible Promissory Notes

Total drawn at 30 June 2021:	nil
Total Facility Amount:	US$4,250,000
Use of funds:	refinancing previously existing debt
Lenders:	Partners For Growth
Interest Rate:	12.5% (see also payment below)
Secured or unsecured:	secured by Group assets
Payment:	Interest due monthly until converted or paid. The Convertible Notes are convertible (all or some) into shares of the Group at a conversion price of A$0.025 per share. If not converted, on the maturity date, the Group would repay PFG the principal amount plus any accrued interest. If shareholder approval is not obtained, the Group will issue Promissory Notes (i.e. a straight debt instrument) and the Group would repay PFG 1.5 times the principal amount plus any accrued interest at maturity.
Term:	31 August 2021 to 4 May 2024

Defaults and Breaches

During the current and prior year, there were covenant breaches which were cured and waived by the lender at year end.

Note 15: Share Capital & Reserves

	#	$
CONSOLIDATED AND PARENT ENTITY 2020	**Ordinary Shares**	
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	3,000,332,100	141,813,696
(b) Movements in fully paid shares on issue		
Opening balance (1 July 2020)	2,589,159,930	126,207,566
Capital raising	270,833,334	13,000,000
Capital raising cost	-	(639,780)
Employee Incentive Performance Rights converted and shares issued	66,115,754	-
LIFX Incentive Performance Rights	3,000,000	-
Shares issued as part of debt restructuring	71,223,082	3,245,910
Balance as at 30 June 2021	**3,000,332,100**	**141,813,696**
Opening balance (1 July 2019)	1,869,320,010	115,298,012
Capital raising	671,874,037	11,437,480
Capital Raising Cost	-	(527,926)
Employee Incentive Performance Rights Converted	43,123,277	-
Replacement Performance Rights Converted	4,842,606	-
Balance as at 30 June 2020	**2,589,159,930**	**126,207,566**

(c) Movements in share based payments reserve:	**2021 $**	**2020 $**
Opening Balance at the start of the period:	35,737,293	32,936,754
Expiration of options	(280,664)	-
Expense recognised in respect of Employee Incentive Performance Rights (EIPR)	2,724,296	2,063,987
Options issued and capitalised	2,168,000	-
Options cancelled	(2,491,052)	-
Share settlement with former employee	-	310,552
Broker Options	-	426,000
Balance at the end of the reporting period:	**37,857,873**	**35,737,293**

(d) Movements in foreign currency translation reserve:	**2021 $**	**2020 $**
Opening Balance at the start of the period:	64,916	1,774,680
Other comprehensive income	(175,194)	(1,709,764)
Balance at the end of the reporting period:	**(110,278)**	**64,916**

(e) Movements in fair value reserve:	**2021 $**	**2020 $**
Opening Balance at the start of the period:	(678,266)	(678,266)
Balance at the end of the reporting period:	**(678,266)**	**(678,266)**

Note 15 cont.

Nature and Purpose of Reserves

Share Based Payments Reserve

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

Foreign Currency Translation Reserve

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

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

Note 16: Operating Cash Flow Information

	Consolidated	
	2021	**2020**
	$	**$**
Reconciliation of cash flow from operations with profit/(loss) after income tax:		
Loss for the year	(12,538,835)	(45,277,907)
Add (subtract) - Noncash items:		
• Share-based payments	2,724,296	2,063,987
• Option based payments	-	426,000
• Amortization of intangibles	6,680,000	6,680,000
• Depreciation	526,435	692,833
• Impairment of intangible assets	8,800,000	18,600,000
• Gain on debt forgiveness	(15,474,693)	-
• Foreign exchange gains related to debt	(2,869,602)	-
• Payment of capitalised borrowing costs	(1,775,184)	
• Payment of interest expense with shares	599,831	
Changes in assets and liabilities		
• Movement in deferred taxation	(1,402,800)	(1,402,800)
• Movement in other debtors and receivables	(2,396,280)	(2,978,985)
• Movement in inventory and prepayments	(3,853,009)	8,560,295
• Movement in trade creditors and employee provisions	41,258	1,685,387
• Other	325,200	696,091
Cash flows used in operations	**(20,613,383)**	**(10,255,099)**

Note 17: Interests in controlled entities

The Group has the following subsidiaries:

Name of Subsidiary	Country of incorporation	Class of shares	Percentage held 2021	2020
Buddy Platform Inc	USA	Ordinary	100%	100%
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Buddy Finance Pty Ltd	Australia	Ordinary	100%	100%
Buddy Platform (Europe) Ltd	Ireland	Ordinary	100%	100%
Lifi Labs Inc	USA	Ordinary	100%	100%
Lifi Labs Management Pty Ltd	Australia	Ordinary	100%	100%
LIFX UK Ltd	UK	Ordinary	100%	100%

Note 18: Related Party Transactions

(A) Parent and Ultimate Controlling Party

The ultimate parent of the Group is Buddy Technologies Limited and is based and listed on ASX in Australia. There were no transactions other than inter-company fund transfers to its wholly owned subsidiaries based in the USA and Europe.

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

(B) Related Party Compensation

Compensation of Key Management Personnel of the Group

	2021 $	2020 $
Short-term employee benefits	781,275	1,021,666
Post-employment benefits	30,699	39,440
Share-based payments	1,529,878	59,500
Total compensation paid to Key Management Personnel	**2,341,852**	**1,120,606**

The amounts disclosed in the table are the amounts recognised as an expense during the period which related to the compensation Key Management Personnel.

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

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

(D) Loans To and From Related Parties

Loans to Key Management Personnel of the Group:

	2021 $	2020 $
Key Management Personnel loans	22,561	9,387
	22,561	**9,387**

Note 18: (D) cont.

Transactions with Key Management Personnel

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

(E) Other Related Party Transactions

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

There were no other related party transactions for the year ended 30 June 2021 or 2020.

Note 19: Share Based Payments

The Group completed the following share based payment arrangements for the year ended 30 June 2021.

(A) Performance Shares

	2021	2020
Outstanding at the beginning of the year [1]	29,833,334	29,833,334
Granted	-	-
Converted to ordinary shares	-	-
Expired	-	-
Forfeited	-	-
Outstanding at year-end	**29,833,334**	**29,833,334**
Total vested	**-**	**-**

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

The performance shares were valued using the following assumptions:

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

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

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

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

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

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

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Note 19 cont.

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

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

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

(B) LIFX Performance Shares

	2021	2020
Outstanding at the beginning of the year [1]	**12,000,000**	**24,000,000**
Granted		
Converted to ordinary shares/Expired/Forfeited	(12,000,000)	(12,000,000)
Outstanding at year-end	**-**	**12,000,000**
Total vested	**-**	**-**

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

The performance shares were valued using the following assumptions:

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

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

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

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

i. 8,000,000 Performance Shares that will vest upon LIFX business contributing a cumulative A$100 million to the Buddy Group in revenues within 18 months from Completion;

ii. 8,000,000 Performance Shares that will vest upon LIFX business contributing a cumulative A$200 million in revenues to the Buddy Group within 30 months from Completion; and

iii. 8,000,000 Performance Shares that will vest upon LIFX business contributing a cumulative A$250 million in revenues to the Buddy Group within 36 months from Completion.

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

Note 19 cont.

(C) Share Options

	2021	Weighted Average Exercise Price $	2020	Weighted Average Exercise Price $
Outstanding at the beginning of the year [1]	**103,339,412**	**0.08**	**103,339,412**	**0.08**
Granted *($0.0324 expires 16/10/2021)*	30,000,000	-	-	-
Exercised	-	-	-	-
Expired	(2,806,647)	0.10	-	-
Cancelled	(50,000,000)	0.08	-	-
Reissued (unlisted)	50,000,000	0.06	-	-
Outstanding at year-end	**130,532,765**	**0.06**	**103,339,412**	**0.08**
Total vested	**130,532,765**	**0.06**	**103,339,412**	**0.08**

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

On 1 April 2019, 532,765 options were granted (issued on 25 June 2019) under the employee incentive plan.

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

Tota Number Granted	100,000,000
Grant date	1 April 2019
Expiry date	30 March 2024
Underlying share price	$0.073 per share
Share exercise price	$0.0759 per share
Volatility	88.56%
Risk Free Rate	1.44%

The remaining weighted average contractual life of the outstanding options is 2.7 years (2020: 3.7 years).

The options reissued on 29 January 2021, and which are currently unlisted, were valued at $0.04336 per option based on the following assumptions:

Tota Number Granted	50,000,000
Grant date	29 January 2021
Expiry date	10 March 2026
Underlying share price	$0.05 per share
Share exercise price	$0.058 per share
Volatility	142.55%
Risk Free Rate	0.50%

The remaining weighted average contractual life of the outstanding options is 4.6 years.

Note 19: (C) cont.

On 14 December 2020, 30,000,000 options were granted to a service provider in lieu of cash compensation. The options were valued at $0.01256 per option based on the following assumptions:

Tota Number Granted	30,000,000
Grant date	16 December 2020
Expiry date	16 October 2021
Underlying share price	$0.0435 per share
Share exercise price	$0.0324 per share
Volatility	142.55
Risk Free Rate	0.5%

(D) Employee Incentive Performance Rights

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

	2021	2020
Outstanding at the beginning of the year	**88,066,997**	**57,169,087**
Rights and shares granted	58,945,332	87,257,294
Shares issued and rights converted to ordinary shares	(66,115,754)	(43,123,277)
Forfeited	-	(13,236,107)
Outstanding at year-end	**80,896,575**	**88,066,997**
Total vested	**-**	**-**

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

Date of grant	Number granted	Underlying share price	Exercise price
6-Aug-2020	2,103,097	0.04	Nil
28-Aug-2020	4,570,894	0.09	Nil
13-Oct-2020	1,107,884	0.07	Nil
3-Nov-2020	700,000	0.06	Nil
7-Dec-2020	3,311,674	0.05	Nil
26-Feb-2021	40,000,000	0.05	Nil
2-Mar-2021	6,552,152	0.04	Nil
1-Apr-2021	600,000	0.04	Nil

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

Note 19: cont.

(E) LIFX Incentive Performance Rights

	2021	2020
Outstanding at the beginning of the year	12,000,000	24,000,000
Granted	-	-
Converted to ordinary shares	(3,000,000)	-
Forfeited	(9,000,000)	(12,000,000)
Outstanding at year-end	**-**	**12,000,000**
Total vested	**-**	**-**

Note 20: Employee Benefit Liability

	Consolidated	
	2021	**2020**
Annual leave and long service leave	**$**	**$**
Current	578,748	535,152
Non current	157,314	-
Annual Leave	**736,062**	**535,152**

Note 21: Auditors' Remuneration

	Consolidated	
	2021	**2020**
Audit Services	**$**	**$**
Amounts payable to auditor of parent entity		
• Audit-related	110,000	102,500
• Half-year review	38,500	-
• Non-audit services	8,500	-
Share-based payments		-
Total	**157,000**	**102,500**

Note 22: Financial Risk Management

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

2021	**Non-Interest Bearing**	**Floating Interest Rate**	**Fixed Interest Rate**	**Total**
	$	**$**	**$**	**$**
Financial assets:				
Cash and cash equivalents		2,092,212		2,092,212
Trade and other receivables	4,975,830			4,975,830
	4,975,830	2,092,212	-	7,068,042

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Note 22 cont.

Financial liabilities:				
Trade and other payables	(5,697,568)			(5,949,598)
Borrowings			(27,384,941)	(27,384,941)
Lease liabilities	(145,356)			(145,356)
	(5,843,522)	-	**(27,384,941)**	**(33,228,463)**
Net financial instruments	**(867,692)**	**2,092,212**	**(27,384,941)**	**(26,160,140)**

2020	**Non-Interest Bearing**	**Floating Interest Rate**	**Fixed Interest Rate**	**Total**
	$	**$**	**$**	
Financial assets:				
Cash and cash equivalents		2,502,462		2,502,462
Trade and other receivables	2,579,550			2,579,550
	2,579,550	2,502,462	-	5,082,012
Financial liabilities:				
Trade and other payables	(13,375,644)			(13,375,644)
Borrowings			(14,555,395)	(14,555,395)
Lease liabilities	(250,397)			(250,397)
Deferred acquisition consideration			(18,577,437)	(18,577,437)
	(13,626,041)	-	(33,132,832)	(45,424,162)
Net financial instruments	**(11,046,491)**	**2,502,462**	**(33,132,832)**	**(40,993,059)**

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

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

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

Note 22 cont.

(A) Market Risk

Foreign Currency Risk

As a result of significant operations in the United States, the United Kingdom and Europe, the Group's statement of financial position can be affected significantly by movements in the US$/AUD$, £/AUD$ and €/AUD$ exchange rates. The parent company Buddy Technologies Limited lends money to its US subsidiary Buddy Platform Inc. Borrowings denominated in USD$ totaled US$21.3 million remained outstanding at year end. If the USD$/AUD$ exchange rate were to strengthen/ weaken by 5%, this would result in a decrease/increase in profit or loss and equity of AUD$1.1 million. The Group will be exposed to any material changes in the value of the AUD compared to the USD. The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

(B) Credit Risk

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

Exposure to Credit Risk

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

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

	Consolidated Entity	
	June 2021	**June 2020**
	$	**$**
Not past due	2,477,062	2,178,456
Past due 0-30 days	1,785,800	654,906
Past due 31-90 days	1,301,233	209,481
Past due 90+ days	552,136	255,760
Total	6,116,231	3,298,603
Less expected credit provision	(1,503,794)	(751,001)
	4,612,437	**2,547,602**
Average Days	43	40

(C) Liquidity Risk

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

Excluding trade payables, the contractual maturities of the Group's financial liabilities as at 30 June 2021 are disclosed in the Notes. The contractual maturities of the Group's trade payables as at the end of this year and last year were 3 months or less.

(D) Cash Flow and Interest Rate Risk

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

Note 22: (D) cont.

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

Consolidated Risk Variable	Sensitivity*	Effect On: Loss 2021	Loss 2020	Effect On: Equity 2021	Equity 2020
		$	$	$	$
Interest Rate	+1.00%	20,922	25,025	20,922	25,025
	-1.00%	(20,922)	(25,025)	(20,922)	(25,025)

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

(E) Fair Value of Financial Assets

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

The levels of the hierarchy are as follows:

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

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

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

There are no financial assets that this applies to as of 30 June 2021 or 2020.

(F) Capital Management

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

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Note 23: Segment Reporting

The chief operating decision makers received operating results for the following three segments:

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

Note 23 cont.

Segment Reporting

Selected financial data for operating segments for the year ended 30 June 2021

	Commercial Business	Consumer Business	Corporate	Total
	$	$	$	$
External revenues	699,999	28,071,122	2,513,871	31,284,992
Inter-segment revenue	-	-	-	-
Total segment revenue	699,999	28,071,122	2,513,871	31,284,992
Result from operating activities	(1,241,427)	(5,051,553)	(7,648,655)	(13,941,635)
Loss before income tax	(1,241,427)	(5,051,553)	(7,648,655)	(13,941,635)
Income tax benefit	-	-	1,402,800	1,402,800
Loss after income tax	(1,241,427)	(5,051,553)	(6,245,855)	(12,538,835)
Interest & other income			138,546	138,546
Interest expense			6,300,814	6,300,814
Segment assets	429,271	18,015,255	51,320,854	69,765,380
Capital expenditures	-	-	(611,624)	(611,624)
Segment liabilities	-	5,046,837	32,774,790	37,821,627
Material non-cash items				
Depreciation and amortisation	-	-	(7,206,435)	(7,206,435)
Share based payments	-	-	(2,724,296)	(2,724,296)
Impairment expense			8,800,000	8,800,000

Note 23 cont.

Segment Reporting

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

	Commercial Business	Consumer Business	Corporate	Total
	$	$	$	$
External revenues	2,672,866	28,326,488	1,110,582	32,109,936
Inter-segment revenue	-	-	-	-
Total segment revenue	2,672,866	28,326,488	1,110,582	32,109,936
Result from operating activities	(355,077)	(6,737,810)	(13,870,674)	(20,963,561)
Loss before income tax	(355,077)	(6,737,810)	(39,558,528)	(46,651,415)
Income tax benefit	-	(29,292)	1,402,800	1,373,508
Loss after income tax	(355,077)	(6,767,102)	(38,155,728)	(45,277,907)
Interest & other income			121,520	121,520
Interest expense			(6,049,185)	(6,049,185)
Segment assets	1,989,185	13,536,792	63,678,956	79,204,933
Capital expenditures	(34,832)	(186,873)	-	(221,705)
Segment liabilities	1,773,792	23,843,537	26,503,792	52,554,525
Material non-cash items				
Depreciation and amortisation	(89,489)	(603,344)	(6,680,000)	(7,372,833)
Impairment expense	-	-	(18,600,000)	(18,600,000)
Share based payments	-	-	(2,503,695)	(2,503,695)
Option based payments	-	-	(426,000)	(426,000)

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Note 24: Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2021 the legal parent company of the Group was Buddy Technologies Limited.

Results of the Parent Entity	**2021**	**2020**
	$	**$**
Loss for the year	(4,699,499)	(33,208,050)
Other comprehensive income	(5,218,408)	(454,948)
Total Comprehensive Loss for the year	**(9,917,907)**	**(33,662,998)**
Financial Position of the Parent Entity at Year End		
Current Assets	350,098	985,539
Non-Current Assets	78,100,852	92,230,454
Total Assets	**78,450,950**	**93,215,993**
Current Liabilities	3,110,669	22,213,254
Non-Current Liabilities	1,508,575	5,260,500
Total Liabilities	**4,619,244**	**27,473,754**
Total Equity of the Parent Entity comprising of:		
Share Capital	141,813,696	126,207,566
Reserves	32,281,089	35,378,918
Retained Losses	(100,263,079)	(95,844,245)
Total Equity	**73,831,706**	**65,742,239**

Parent Entity Contingencies

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2021.

Parent Entity Commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Note 25: Subsequent Events

Other than disclosed in this report and below, no other matter or circumstance has arisen since 30 June 2021 that has significantly effected or may significantly effect the operations of the Consolidated Entity, the results of those operations or the state of a airs of the Consolidated Entity, in subsequent financial years.

- On 16 July 2021, the Group announced an equity placement to raise $6.5 million before costs. US$1 million was used for debt payment with the remainder to be used for working capital purposes.
- On 1 September 2021, the Group announced the completion of its entitlement offer as well as the issuance of US$4.25 million of convertible notes in a debt restructuring which settled all amounts due as a result of the LIFX acquisition as well as restructuring US$2.5 million of term debt.

In addition, the Group has made price-sensitive and other announcements since 30 June 2021. A summary of those announcements follows. The reader is invited to read the entire announcements which are available in the investor section of the Group's website at https://buddy.com/asx-announcements/.

Note 26: Contingent Assets and Liabilities

As at 30 June 2021, the Group's main supplier, Eastfield, had made a claim, which the Group disputes, to request a retrospective price increase related to the USD declining against the Yuan. The total amount of that claim was for approximately US$381,000. The Directors are not aware of any other contingent assets or liabilities that may arise from the Group's operations as at 30 June 2021 and 30 June 2020

Note 27: Deferred Consideration Obligation

As part of the acquisition of LIFX, the Group entered into a deferred consideration obligation which represents the unpaid portion of the cash consideration of the acquisition payable in US$. This obligation was fully satisfied in 2021.

Directors' Declaration

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

(A) the financial statements and Notes of Buddy Technologies Limited for the financial year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

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

iii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and the financial statements and Notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 2.

(B) This declaration is made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2021.

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

For and on behalf of the Board

David McLauchlan
CEO & Executive Director

30 September 2021

RSM Australia Partners

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

Opinion

We have audited the financial report of Buddy Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a loss after tax of $12,538,835 and had net cash outflows from operating activities of $20,613,383 for the year ended 30 June 2021. As at that date the Group had net current liabilities of $8,258,727. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of Goodwill and Intangible Assets
Refer to Note 12 in the financial statements</td></tr>
<tr><td>As at 30 June 2021, The Group had intangible assets of $48,198,956, which included goodwill with a carrying value of $29,828,956. The intangible assets and goodwill related solely to the LIFX business acquisition that occurred in the 30 June 2019 financial year.

As required under AASB 136 Impairment of Assets, management have tested goodwill and intangible assets for impairment by:
• calculating the recoverable amount of the cash generating unit (“CGU”), which was determined to be the value in use of the CGU, using a discounted cash flow model. This model used cash flow projections for the CGU for 5 years, with a terminal growth rate applied to the 5th year. The cash flow projections were then discounted to net present value using the CGU’s weighted average cost of capital (“WACC”); and
• comparing the resulting value in use of the CGU to the CGU’s carrying amount.

As a result of this assessment, an impairment to goodwill of $8,800,000 was recognised during the financial year.

We determined the impairment of goodwill to be a Key Audit Matter due to the materiality of the goodwill and intangible assets balance, and because the directors’ assessment of the ‘value in use’ of the CGU involves judgements about the future underlying cash flows of the business, estimated growth rates for the CGU for the next 5 years as well as in perpetuity, and the discount rates applied to the estimated cash flows.</td><td>Our audit procedures included:

• Assessing the valuation methodology used to determine the recoverable amount;
• Challenging the reasonableness of key assumptions, including the following:
    ○ Cash flow projections;
    ○ Future growth rates;
    ○ Discount rates;
    ○ Terminal value;
• Performing sensitivity analysis over the key assumptions used in the models;
• Checking the mathematical accuracy of the cashflow model and reconciling input data to supporting evidence, such as approved budgets, and considering the reasonableness of the evidence (such as budgets); and
• Assessing the appropriateness and accuracy of the disclosures included in the financial report.</td></tr>
</table>

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Revenue recognition
Refer to Note 4 in the financial statements</td></tr>
<tr><td>The Group's revenue from continuing operations for the year ended 30 June 2021 was $28,771,121.

Whilst revenue recognition does not involve significant management estimates or judgements, it is considered a Key Audit Matter because of its significance to the Group's reported financial performance.</td><td>Our audit procedures included:
Assessing whether the Group's revenue recognition policies are in compliance with AASB 15 Revenue with Contracts with Customers;
Evaluating the operating effectiveness of management's controls related to revenue recognition;
For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including customer contracts and ensuring accounting in line with revenue recognition policy;
Assessing revenue transactions before and after year-end to ensure that revenue is recognised in the correct period; and
Performing substantive analytical review procedures.</td></tr>
<tr><td colspan="2">Share-based payments
Refer to Note 19 in the financial statements</td></tr>
<tr><td>The Company issues numerous performance rights, performance shares or options to employees as part of its employee incentive plan.

We identified share-based payment expenses as an area of significant risk due to the complexity in valuing shares, options, or performance rights, determining the vesting period and the subjectivity that exists in respect of management's assessment of probabilities relating to these share-based payments. There is a risk the share-based payments have both been valued and calculated incorrectly and not in accordance with AASB 2 Share based payments.</td><td>Our audit procedures included:
Reviewing of the employee incentive plan conditions;
Reviewing the accounting of the share-based payments to ensure it was in compliance with AASB 2;
Reviewing the reasonableness management's estimates of the likelihood of achieving vesting conditions for the remaining shares / options / performance rights issued; and
Reviewing and performing a recalculation of the valuation model.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Buddy Technologies Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 1 October 2021
Melbourne, Victoria

Additional Information.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below. The following information is provided as at 24 September 2021.

Quoted Securities

Ordinary fully paid shares as at 24 September 2021

Top 20 Shareholders

	No. of Shares Held	% Held
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	295,268,220	8.57
2. CS THIRD NOMINEES PTY LIMITED	148,073,834	4.30
3. MR DAVID PETER MCLAUCHLAN	131,376,083	3.81
4. CITICORP NOMINEES PTY LIMITED	111,646,127	3.24
5. MUTUAL TRUST PTY LTD	62,710,784	1.82
6. MR JEFFREY MACDUFF	60,595,658	1.76
7. PARTNERS FOR GROWTH VI, LP	59,754,681	1.73
8. PARTNERS FOR GROWTH V, LP	59,617,079	1.73
9. KING LIFI PTY LTD	50,000,000	1.45
10. ANFIELD GROUP PTY LTD	49,458,333	1.44
11. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	44,192,314	1.28
12. MR DECLAN MCEVOY	43,650,000	1.27
13. BNP PARIBAS NOMINEES PTY LTD	43,368,420	1.26
14. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	41,471,982	1.20
15. UBS NOMINEES PTY LTD	27,950,000	0.81
16. ARK TELEVISION CONCEPTS PTY LTD	27,000,000	0.78
17. BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	20,875,569	0.61
18. NETWEALTH INVESTMENTS LIMITED	19,936,100	0.58
19. MR RICHARD CROPLEY	19,930,000	0.58
20. RICHARD NEIL BORENSTEIN	18,222,217	0.53
	1,335,097,401	**38.75%**

Distribution of Holdings

	No. of Holders	No. of Shares	% of Total Shares
1 – 1,000	377	153,786	0.00
1,001 – 5,000	837	2,627,766	0.08
5,001 – 10,000	996	8,102,050	0.24
10,001 – 100,000	3,627	152,991,509	4.44
100,001 and over	2,341	3,281,863,793	95.24
	8,178	**3,445,738,904**	**100.0%**

3,522 shareholders holding less than a marketable parcel

Options as at 24 September 2021

Top 20 Optionholders

	No. of Shares Held	% Held
1. CS THIRD NOMINEES PTY LIMITED	30,000,000	14.11
2. PARTNERS FOR GROWTH VI, LP	29,121,558	13.69
3. PARTNERS FOR GROWTH V, LP	29,121,556	13.69
4. BELL POTTER NOMINEES LTD	20,000,000	9.41
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,048,464	5.20
6. TW CRITERION PTY LTD	5,000,000	2.35
6. ANFIELD GROUP PTY LTD	5,000,000	2.35
6. BLAMNCO TRADING PTY LTD	5,000,000	2.35
7. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,000,000	1.88
7. MR DAVID LIPARI & MRS PAULA LIPARI & MRS JANICE LIPARI	4,000,000	1.88
7. MR JOHN ARTHUR JARVIS	4,000,000	1.88
7. SMART ALPHA INVESTMENTS PTY LTD	4,000,000	1.88
8. TSL SUPER PTY LTD	3,000,000	1.41
9. GREEN MOUNTAINS INVESTMENTS PTE LTD	2,800,000	1.32
10. RAH (STC) PTY LIMITED	2,655,130	1.25
11. YUCAJA PTY LTD	2,534,010	1.19
12. MR DAVID PETER MCLAUCHLAN	2,500,000	1.18
12. ORCA CAPITAL GMBH	2,500,000	1.18
13. THIRD PARTY NOMINEES PTY LTD	2,000,034	0.94
14. OLI PRIVATE INVESTMENT PTY LTD	2,000,000	0.94
14. MR STEPHEN SMITH	2,000,000	0.94
14. FINROW LIMITED	2,000,000	0.94
14. TOMLIN SALES PTY LTD	2,000,000	0.94
14. ROTHERWOOD ENTERPRISES PTY LTD	2,000,000	0.94
15. AMAL TRUSTEES PTY LTD	1,949,238	0.92
16. MR KARLTON SAVIO D'SYLVA	1,832,499	0.86
17. ANOUS PTY LIMITED	1,500,000	0.71
18. ACCBELL NOMINEES PTY LTD	1,468,432	0.69
19. ZENZ INVESTMENTS PTY LTD	1,200,000	0.56
19. MR BOYUN LIU	1,200,000	0.56
20. LEET INVESTMENTS PTY LIMITED	1,000,000	0.47
20. CED CAPITAL LIMITED	1,000,000	0.47
20. MR DAVID GAVIN BAXTER COBCROFT	1,000,000	0.47
20. MR RHYS JARRED DANIELS	1,000,000	0.47
20. MR QI YU	1,000,000	0.47
20. YARANDI INVESTMENTS PTY LTD	1,000,000	0.47
20. RIYA INVESTMENTS PTY LTD	1,000,000	0.47
20. MR STEVEN NICHOLAS JAMES	1,000,000	0.47
20. NUTSVILLE PTY LTD	1,000,000	0.47
	196,430,921	**92.37%**

	No. of Holders	No. of Options	% of Total Option
1 - 1,000	107	50,955	0.02
1,001 - 5,000	97	236,473	0.11
5,001 - 10,000	27	194,597	0.09
10,001 - 100,000	41	1,267,968	0.60
100,001 and over	73	210,902,139	99.18
	345	**212,652,132**	**100.0%**

273 optionholders holding less than a marketable parcel

Escrow Shares

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

Voting Rights

Every Shareholders has one vote per ordinary share. No other class of securities has a right to vote.

Substantial shareholders as at 24 September 2021

	No. of Shares Held	% Held
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	295,268,220	8.57

Unquoted Securities

Options

The Group has the following classes of options on issue at 24 September 2021 as detailed below. Options do not carry any rights to vote.

Class		Terms		No. of Options
1. Unquoted	Options	Exercisable at 7.59c expiring 1-Apr 2024		50,000,000
	Name	**Options**	**%**	
	Luminous Wide Ltd	50,000,000	100.0%	
2. Unquoted	Options	Exercisable at 5.8c expiring 10-Mar 2026		50,000,000
	Name	**Options**	**%**	
	Partners For Growth Fund V	25,000,000	50.0%	
	Partners For Growth Fund VI	25,000,000	50.0%	
3. Unquoted	Options	Exercisable at 7.59c expiring 29-Mar 2023		532,765
	Name	**Options**	**%**	
	Tim Peters	532,765	100.0%	

Performance Shares

As at 24 September 2021 the Group had 29,833,334 Performance Shares which do not carry any voting rights.

Name	Options	%
David McLauchlan	22,166,667	74.3%

Distribution of holdings

	No. of Holders	No. of Optios	% of Total Option
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	6	29,833,334	100.0%
	6	**29,833,334**	**100.00**

Employee Incentive Performance Rights

As at 24 September 2021 the Group had 39,900,842 Employee Incentive Performance Rights which do not carry any voting rights.

Distribution of Holdings

	No. of Holders	No. of Optios	% of Total Option
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	41	39,900,842	100.0
	41	**39,900,842**	**100.0**