

ASX Announcement

18 May 2018



Bulletproof Group Limited – Chairman's Address to Scheme Meeting

Bulletproof Group Limited ("Bulletproof") will today address shareholders at the shareholder meeting convened to consider and vote on the scheme of arrangement ("Scheme") for the proposed acquisition of Bulletproof by Klikon Group Holdings Pty Ltd ("AC3"). The meeting will be held in Sydney commencing at 11:00am.

Attached is a copy of the address to be delivered at the meeting by the Chairman of the scheme meeting, Kenneth Carr.

Bulletproof shareholders who have questions regarding the Scheme should call the Bulletproof Shareholder Information Line on 1300 131 678 (callers within Australia) or +61 1300 131 678 (callers outside Australia) on business days between 8.30am and 5.30pm (Sydney time).

For further details please contact:

Craig Farrow
Chairman
Tel: +61 418 847 036
<http://www.bulletproof.net.au>

Paula Kensington
Chief Financial Officer and Company Secretary
Tel: +61 404 678 483

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Scheme Meeting - Chairman's Address

18 May 2018

Good morning. I am Ken Carr and I am an Independent Non-Executive Director of your company, Bulletproof Group Limited, and the Chairman for today's Scheme Meeting of the shareholders of Bulletproof Group Limited.

I would like to welcome and thank you all for attending today's Scheme Meeting.

This is a properly constituted meeting and a quorum is present, so we can proceed. I officially declare this Meeting open.

- Firstly, I would like to introduce the other member of your Board who is present today, Anthony Woodward, Director and Chief Executive Officer.
- I note apologies from Craig Farrow, a Non-Executive Director and the Chairman of the Board of Bulletproof, who is unable to attend today.

I would also like to introduce our Group Chief Financial Officer and Company Secretary, Paula Kensington, and our Joint Company Secretary, Damien Connor.

On 15 February 2018, Bulletproof announced that it had entered into a Scheme Implementation Deed with Klikon Group Holdings Pty Ltd (known to the market as AC3) under which AC3 agreed to acquire all of the shares in Bulletproof at a price of \$0.152 per share by way of a scheme of arrangement, subject to certain conditions.

This meeting has been convened for shareholders to consider and vote on the proposed scheme of arrangement. If the Scheme Resolution is approved and the other Scheme conditions are satisfied, the Scheme will be implemented and eligible Bulletproof shareholders will receive \$0.152 per Scheme Share.

AC3 does not hold any shares in Bulletproof, and so will not be voting at today's meeting.

You will have an opportunity to ask questions prior to voting on the proposed resolution to approve the Scheme.

A Bulletproof Scheme Booklet, together with a notice convening today's Meeting, was despatched to shareholders on 16 April 2018. The Scheme Booklet includes:

- an overview of the Scheme;
- the key considerations relevant to each Shareholder's vote including reasons to vote in favour or, or against, the Scheme;
- frequently asked questions and answers;
- information about AC3; and
- a copy of the proposed Scheme, included in Appendix 3 of the Scheme Booklet.

I will take the notice convening today's Meeting as read.

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Your directors appointed BDO Corporate Finance (East Coast) Pty Limited as the Independent Expert to assess the merits of the Scheme. A copy of the Independent Expert's Report, which sets out advantages and disadvantages of the Scheme, was included in the Scheme Booklet at Appendix 1.

The Independent Expert has concluded that the Scheme is in the best interests of Bulletproof shareholders, in the absence of a superior proposal. The Independent Expert reached this conclusion despite forming the view that the Scheme Consideration is lower than the fair market value of Bulletproof Shares (after applying a control premium) and that as a result, the Scheme Consideration is not fair. The Independent Expert has formed the view that the Scheme Consideration is reasonable and in the best interests of Bulletproof shareholders, after taking into account a range of factors, including the premium to the share price prior to the (now expired) Macquarie Telecom Takeover Offer, the premium to the Macquarie Telecom Takeover Offer and the impact on Bulletproof's share price in the absence of the Scheme.

Bulletproof's Board of Directors unanimously recommend that Bulletproof shareholders vote in favour of the Scheme, in the absence of a superior proposal. Each Bulletproof Director intends to vote any Bulletproof shares held or controlled by them in favour of the Scheme, in the absence of a superior proposal.

Your directors made this unanimous recommendation on the basis that:

- The Scheme Consideration offered represents an attractive control premium over the price of Bulletproof Shares immediately prior to the announcement by Macquarie Telecom on 21 November 2017 of its intention to make a takeover bid for Bulletproof at \$0.11 per Bulletproof Share and a material premium to the Macquarie Telecom Takeover Offer (which has expired and is now closed).
- The Scheme is the outcome of a competitive auction. No Superior Proposal has emerged as at the date of this Meeting.
- The Independent Expert has concluded that the Scheme is in the best interests of Bulletproof shareholders, in the absence of a superior proposal.
- The Scheme provides certainty of value to Scheme Shareholders. The management of Bulletproof continues its efforts to restructure Bulletproof's business. As set out in the financial results for the half year ended 31 December 2017 announced on 16 February 2018, this has led to an improvement in profitability from the corresponding period in FY2017. However, the turnaround of Bulletproof continues to carry risks and may require further capital from shareholders, or additional debt, to support the business. Given the competitive environment in which Bulletproof operates, it remains uncertain when and if its financial performance will lead to a share price in excess of the Scheme Consideration of \$0.152 per Scheme Share.
- The price of Bulletproof Shares is likely to fall, at least in the short term, if the Scheme is not implemented. The closing price of Bulletproof Shares on 20 November 2017, being the trading day before Macquarie Telecom announced its intention to make a takeover offer, was \$0.067 per Bulletproof Share. Since that date, the trading price of Bulletproof Shares has risen significantly and has consistently and materially exceeded \$0.069, being the daily weighted average price of Bulletproof Shares in the 30 days prior to 20 November 2017. There are many factors that affect the Bulletproof Share price. However, your Directors

consider that if the Scheme is not implemented and there is no Superior Proposal or an alternative proposal, the price of Bulletproof Shares is likely to fall below current levels.

- No brokerage or stamp duty will be payable by you on the transfer of your Bulletproof Shares.

There are, however, reasons why you may not want to vote in favour of the Scheme, which are set out in the Scheme Booklet, together with various risks to consider.

If the Scheme is approved by the required majorities of shareholders at today's Meeting, the timetable to implement the Scheme and pay Scheme Shareholders their Scheme Consideration is proposed to be as follows:

- Friday 25 May 2018 – the Second Court Date for approval of the Scheme, the Effective Date of the Scheme and the last trading day in Bulletproof Shares;
- 7:00PM (Sydney time) Friday 1 June 2018 – the Record Date for identifying Scheme Shareholders entitled to receive the Scheme Consideration; and
- Wednesday 6 June 2018 – the Implementation Date, when AC3 will acquire all Scheme Shares and payment will be made to Scheme Shareholders.

I note that these dates are indicative only and remain subject to satisfaction of applicable conditions, including approval from the Court. Any changes will be announced to the ASX.

I would like to thank all shareholders who are in attendance today and those who have appointed proxies or other representatives to vote at the meeting.

On behalf of all my fellow directors, I would like to recognise the tremendous effort of the Bulletproof Executive Team, led by our CEO Anthony Woodward and CFO Paula Kensington and every Bulletproof employee. To every one of you, I offer my thanks.

Finally, I would like to thank my fellow directors for all their dedication and commitment and our shareholders, for all of your support.

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