



ASX MARKET RELEASE

Buddy Announces LIFX Trade Finance Facility; IP & Tariffs Update

SUMMARY

- Buddy has executed financing documentation with Scottish Pacific, the largest independent working capital lender in Australia and New Zealand, for the provision of a A\$20 million working capital facility
- The working capital facility is a receivables purchase arrangement that will provide funding against the receivables of LIFX customers and allow LIFX a faster turnaround on customer receipts which will enable a more efficient use of LIFX working capital
- The structure is pioneering within the Australian financing landscape as it is a global facility encompassing LIFX's various international markets including North America, Australia and Europe with the potential for Asia in the future
- The interest rate on the various regional financing lines (which varies by geography of the receivables securing any borrowings) is priced off globally acceptable pricing benchmarks and is considered very market competitive
- An update is provided on a newly issued patent to LIFX
- An update is provided on the impact of the recent changes to US Government imposed tariffs.

29 August 2019 – Adelaide, South Australia

Buddy Technologies Limited ("Company") (ASX:BUD), a leader in IoT and cloud-based solutions for making spaces smarter, is pleased to announce that it has executed facility documentation with Scottish Pacific for the provision of a A\$20 million trade finance (working capital) facility ("Facility"). Scottish Pacific is the largest independent working capital lender in Australia / New Zealand, and the Facility will be similar to a rotating line of credit that can be drawn upon against eligible receivables and then paid down across a given year in accordance with the terms of the Facility.

Key terms of the Facility are as follows:

- Amount: up to A\$20 million
- Invoice advance rates varying between 50% - 75%:
- Facility term: 24 months

- Notice period for termination: 3 months
- Recourse period (maximum age for underlying receivables): 90 days
- The Facility will be secured over the assets of certain subsidiaries of the Company
- Service fee: A\$15,000 per month
- Interest (charged from first drawdown, only on balance of outstanding drawings made against receivables):
 - AUD - BBSY + 4% + 2.5% (as of today: 7.55%)
 - USD - Prime USD + 4% + 2.5% (as of today: 8.62%)
 - GBP - Prime GBP + 4% + 2.5% (as of today: 8.25%)

The Facility accommodates globally sourced receivables ("AR"), which the Company considers to be uncommon and was successfully achieved following extensive due diligence completed by Scottish Pacific on LIFX and Buddy Technologies. The Facility will provide for the global supply needs of the Company, and features market-competitive interest rates.

The Facility will become effective and be available for drawing when various conditions precedent to financial close have been satisfied.

The Company currently has A\$10 million of inventory on hand (at cost, not retail value), and intends to utilise the Facility to supplement its inventory capacity to support CYQ4 sales, which typically are significantly greater than all other quarters.

Update on Intellectual Property

The Company was provided with a United States Patent Application Publication notice confirming the issuance and publication of the Company's thirty fourth (34th) LIFX-related patent. This patent covers the selection of a colour from a plurality of colours and was provisionally filed in March 2013. The Company has a further 38 patents pending across various geographies.

Update on Tariffs

The Company refers to its ASX announcement dated 5 June 2019 in respect to the impact of recently imposed US Government tariffs on manufactured goods being imported into the United States. While the tariff landscape continues to remain fluid and may change at any time, at this stage, the Company does not consider that recently announced changes to the tariff levels will negatively impact existing LIFX products, noting that the LIFX products are currently not subject to any tariff other than the standard 2.5% tariff which pre-dates the current US administration. As material developments occur, the Company will continue to keep shareholders updated by way of further ASX announcements.

For and on behalf of Buddy Technologies Limited,



David P. McLauchlan

Chief Executive Officer
Buddy Technologies Limited.

About Buddy

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 company’s core Commercial offerings that empower its customers to fully leverage digital technologies and their impact in a strategic and sustainable way. Buddy Ohm is a resource monitoring and analytics solution that provides energy monitoring, reporting and auditing services for commercial and industrial customers. Buddy Managed Services licenses Buddy’s technology platforms to customers for integration into their own products.

Buddy’s Consumer Business trades under the **LIFX** brand and has established a leading market position as a provider of smart lighting solutions. The company’s suite of Wi-Fi enabled lights are currently used in nearly one million homes, viewed as second only to lighting giant, Philips Hue. LIFX products are sold in over 100 countries worldwide, directly and via distribution and sales partnerships with leading retailers and ecommerce platforms including Amazon, Google, Apple, JB Hi-Fi, Bunnings, Officeworks, MediaMarkt, Saturn and Best Buy (in both the US and Canada).

Buddy is headquartered in Adelaide, Australia, with offices in Melbourne (AU), Seattle (US), Shenzhen (CN) and Silicon Valley (US).

For more information, visit www.buddy.com and www.lifx.com.

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