



ASX MARKET RELEASE

Share Placement, Share Purchase Plan and Business Update

SUMMARY

- A\$6.1 million placement to institutional and sophisticated investors
- Share purchase plan to be offered to eligible shareholders to raise up to an additional A\$5 million

11 September 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 the completion of a successful bookbuild for a two tranche placement to institutional and sophisticated investors ("Placement") to raise approximately A\$6.1 million via the issue of 305.7 million fully paid ordinary shares in the Company ("Shares").

In addition to the Placement, the Company intends to undertake a share purchase plan to existing eligible shareholders to raise up to an additional A\$5 million (before costs) ("Share Purchase Plan").

The issue of Shares under the second tranche of the Placement and the Share Purchase Plan is subject to shareholder approval, to be sought at a general meeting to be held in late October 2019.

Placement Details

The Placement was well supported by both existing and new institutional investors, as well as sophisticated investors. The Company has received commitments for approximately 305.7 million Shares at an issue price of A\$0.020 per Share to raise A\$6.1 million.

The issue price of A\$0.02 represents a 16.7% discount to the last closing price of A\$0.024 on 6 September 2019.

The Placement is being undertaken in two tranches:

- the first tranche of the Placement, comprising 82% or 250.6 million Shares ("Tranche 1") will be issued utilising all of the Company's existing 15% placement capacity under Listing Rule 7.1; and
- the second tranche of the Placement, comprising 18% or 55.1 million Shares ("Tranche 2") is to be issued subject to shareholder approval at a general meeting to be held in late October 2019.

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Settlement of Tranche 1 of the Placement is scheduled to occur on Wednesday, 18 September 2019. Tranche 2 of the Placement is subject to shareholder approval at a general meeting to be held in late October 2019. A cleansing notice and Appendix 3B will be lodged following the issue of Shares pursuant to each tranche of the Placement. The new Shares issued under the Placement will rank equally with existing shares in the Company.

The funds raised by the Company under the Placement will be utilised for operating expenses of the Company and growth of the Company's consumer and commercial business.

Bell Potter acted as lead manager to the Placement.

An indicative timetable for the Placement is detailed below:

Placement - Summary of Key Dates*	
Placement Tranche 1 Settlement Date	Wednesday 18 September 2019
General Meeting of Shareholders	21 October 2019
Placement Tranche 2 Settlement Date	Late October 2019

** The timetable is indicative only and the Company may, at its discretion, vary any of the above dates, subject to compliance with the ASX Listing Rules and Corporations Act.*

Share Purchase Plan

The Company also intends to offer existing eligible shareholders the opportunity to subscribe for up to a maximum of 250 million shares at the same offer price of A\$0.02 per share under the Placement to raise up to A\$5 million (before costs) under the Share Purchase Plan. The issue of Shares under the Share Purchase Plan is subject to the Company obtaining shareholder approval.

Under the Share Purchase Plan, each eligible shareholder of the Company as at 10 September 2019 ("Record Date") with a registered address in Australia or New Zealand will be entitled to acquire up to A\$30,000 of Shares, subject to any scale back.

The Company reserves the right to reject or scale back applications under the Share Purchase Plan at its absolute discretion if applications exceed A\$5 million in aggregate. A Share Purchase Plan offer booklet with further details in respect to the offer under the Share Purchase Plan will be dispatched to eligible shareholders on or around 19 September 2019.

Additional funds raised by the Company under the Share Purchase Plan will be used for the same purpose as the funds raised under the Placement, being for operating expenses of the Company and growth of the Company's consumer and commercial business.

New Shares issued under the Share Purchase Plan will rank equally with existing shares in the Company.

An indicative timetable for the Share Purchase Plan is detailed below:

Share Purchase Plan - Summary of Key Dates*	
Record Date	Tuesday 10 September 2019
Share Purchase Plan Announcement	Wednesday 11 September 2019
Offer Opens	Thursday 19 September 2019
Offer Closes	Friday 4 October 2019
General Meeting of Shareholders	Monday 21 October 2019
Issue of Shares under the Share Purchase Plan	Thursday 24 October 2019
Share Purchase Plan Shares commence trading on the ASX	Friday 25 October 2019

**The timetable is indicative only and the Company may, at its discretion, vary any of the above dates, subject to compliance with the ASX Listing Rules and Corporations Act.*

Company Update

Having regard to the cleansing notice to be lodged following the issue of Shares under Tranche 1 of the Placement, anticipated to occur on or around 19 September 2019, the Company provides the following business updates:

1. The Company is presently in negotiations with a major US utility company in respect to the purchase of a bulk order of LIFX lights that, if complete, could result in an order of more than half of LIFX's 2018 sell-through volume. The proposed arrangement remains subject to the completion of negotiations and the execution of formal documents.
2. The Company has, subject to the finalisation and execution of formal documents, reached agreement with: (i) Luminous Wide Limited to extend the maturity date under the deferred consideration agreement from 31 March 2020 to 31 October 2020; and (ii) Eastfield Lighting (Hong Kong) Co. Ltd to reduce the cost of manufacturing LIFX lights, which will seek to enable the Company to reduce the MSRP (manufacturer's suggested retail price) of LIFX lights while maintaining or potentially increasing gross margins.
3. The Company is presently in negotiations with an Asian telecommunications company in respect to the distribution of Buddy Ohm. The proposed arrangement remains subject to the completion of negotiations and the execution of formal documents.
4. The Company is presently in advanced negotiations with two Australian companies to license its LIFX Control Module, cloud, app and voice skills platform into a series of products. These proposed arrangements remain subject to the completion of negotiations and the execution of formal documents.
5. The Company has executed a term sheet for a rotating US\$6m inventory financing facility. This financing facility remains subject to the finalisation and execution of formal documentation and, subject to the execution of formal documents, the Company anticipates draw down under the facility to occur on or around the end of September 2019, which will, in the first instance, be used to repay the Seisun facility.

The Company notes that none of the above arrangements are complete and the Company is not party to any binding agreements in respect to the above arrangements. As is the nature of all business negotiations prior to completion, there can be no certainty that any binding agreement or agreements will be reached, or that any concluding arrangement will eventuate. The Company will update shareholders in respect to the progress of each of the above arrangements 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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