



ASX MARKET RELEASE

New LIFX Developments in Europe; Coronavirus & Debt Updates

SUMMARY

- LIFX has opened a new retail channel in the loyalty and salary sacrifice category in Europe through Payback Germany, a subsidiary of Loyalty Partner GmbH, itself part of the American Express Group (NYSE: AXP)
- LIFX has begun deployment of new, more effective point of sale displays throughout key retailers in Europe
- New point of sale experiences for the TV and gamer market are being developed to coincide with the anticipated April/May increase in European large screen TV sales that historically occurs
- The Company provides an update on the impact of the Coronavirus (COVID-19) and its debt obligations.

17 March 2020 - Adelaide, Australia

Buddy Technologies Limited ("Company") (BUD.ASX), a leader in IoT and cloud-based solutions for making spaces smarter is pleased to provide this update on the Company's commercial progress in Europe.

Europe

In addition to growing LIFX's footprint in traditional consumer electronics retail locations, the Company has been focused on non-traditional channels as well. To that end, we are pleased to share that LIFX products are now available through Payback Germany, a subsidiary of Loyalty Partner GmbH, which is part of the American Express Group. Payback Germany provides a loyalty and salary sacrifice store for non-cash purchases of products, including LIFX's range of smart lights.

Payback Germany has over 31 million customers in Germany alone, and is considered the 3rd largest online route to market in Germany, behind only Amazon and eBay. The expansion into Payback Germany aligns with goal #5 of the Company's 2020 Goals ("The Eight", which were disclosed during the Company's Investor Webinar on 11 February 2020, downloadable from Buddy's website in the Investor Centre section), which was to "rapidly (and profitably) expand in EMEA". In doing so, LIFX is now selling through Amazon, Media Saturn, Bauhaus, Gravis, Tink and Payback Germany, giving the Company considerable retail coverage in this part of Europe.

Further, this aligns with the Company's strategy of pushing harder into online channels while bricks and mortar channels are likely to be constrained due to the ongoing impact of COVID-19.

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That said, retailers world-wide are continuing to plan for regular retail operations (and a number of large chain retailers in Europe have flagged to us that they are actually experiencing increases in demand as a direct consequence of COVID-19). Effective, modern and flexible point of sale facilities are vital for successful brick and mortar retail sales, and the Company is proud to unveil our new 1 meter store displays now rolling out across tier 1 retailers in Europe. This is a phased rollout, and will accelerate into CYQ3 as the holiday season approaches and retailers revise their planograms (shelf layouts). The new point of sale facility provides for partner showcases (such as Google Home or Amazon Alexa), and is modular so that the display can be refreshed and easily updated without needing to retire the entire setup. Rollouts have now commenced and will ultimately be deployed (subject to the regionalised impact of COVID-19 across Europe) in 10-100 stores in each tier 1 retailer in Germany, the U.K., France, Norway, Finland, Denmark, Sweden, the Netherlands, Belgium, Spain, Portugal and Italy.



Figure 1. Examples of LIFX's new retail point of sales systems in both English (L) and French versions (R).

Following the considerable success of the Gamer and Entertainment Bundles offered during the Black Friday / Cyber Monday weekend last year, the Company has been considering new ways to reach this important audience. At the Consumer Electronics Show (CES) in 2020, LIFX announced two new products that will in particular appeal to this market segment - the LIFX Z TV and LIFX Z 360. Both are exciting new products that deserve exciting new retail displays.

Figure 2 below shows LIFX Z TV being used to promote the sales of large screen televisions in Europe. There is typically a surge in large screen TV sales in Europe across April and May due to sporting events, and with many sports being live spectator-free due to COVID-19 this year, this surge is again anticipated in 2020, especially via online sales.

COVID-19 (Coronavirus) Update

The Company can report that it is currently undertaking a whole-of-business review of operations in light of the worsening COVID-19 situation around the world. The Company has implemented a work-from-home policy for all employees outside of China, and can very feasibly operate at near full strength on this basis for any required period of time. COVID-19 has not impacted the progress of the low-cost light project (refer ASX announcement dated 5 March 2020), but management does anticipate disruption to bricks and mortar retail sales in the coming weeks and months.

Accordingly, the Company is working with retailers to maximise the opportunity to sell through their online channels, and will be applying particular focus to online retailer needs. While it is too soon to understand the impact on retail sales of COVID-19 just yet, anecdotally it appears that

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sales of products for the home work environment are holding strong, and so the opportunity for LIFX is to position smart lights alongside other products that make working from home easier. It is noted also, that many large companies in the U.S. are providing employees with work from home allowances to outfit their home offices to maximise productivity during this disruptive period. This also represents an opportunity for LIFX.

With respect to the commercial side of the business, given the long sales cycles and lead times of these customers, any impact of COVID-19 on commercial sales can not yet be quantified. The Company will continue to provide shareholders with an update by way of further ASX announcements.



Figure 2. Example display showcasing LIFX Z TV in a French brick and mortar retail environment.

31 March Debt Update

The Company advises that it is in negotiations with lenders in respect to the debts associated with the acquisition of LIFX in 2019 (refer to the ASX announcement dated 18 March 2019), regarding (amongst other matters) extending the due date of that debt. The Company is also in negotiations with various third parties in respect to the potential purchase of this debt. The Company will provide an update to shareholders in respect to the status of these debt arrangements by way of ASX announcements.

For and on behalf of Buddy Technologies Limited,

David P. McLauchlan
Chief Executive Officer
Buddy Technologies Limited.

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About Buddy

Buddy Technologies Limited (BUD.ASX) 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), Dublin (IE), Shenzhen (CN) and Silicon Valley (US).

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

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