



ASX MARKET RELEASE

LIFX to Introduce Low Cost Premium Smart Light

SUMMARY

- LIFX will launch a low price white smart light in CYQ2, intended to be the most accessible and easy to use smart light on the market, targeted at US\$9.99 (with region-specific, but comparable prices in non-US regions)
- Retail partners have already provided global order forecasts of sufficiently large volumes to warrant a first parts and manufacturing order of 500,000 LIFX White smart lights to meet initial retailer stock requirements
- LIFX White bulb will be the easiest smart light to install ever made by LIFX, with full support for Amazon's latest connectivity and simple setup technologies, and will be specifically designed to work seamlessly with voice assistants like Amazon Alexa.

5 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 announce that it will release in CYQ2 a new LIFX product designed to disrupt the smart light category - the new "LIFX White". Developed in conjunction with retail partners globally, LIFX White is designed to address the two major blockers to mainstream adoption of smart lights - cost and setup/install difficulty.

The new LIFX White demonstrates progress against another 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), one of which was to "expand product offerings with new, high volume, profitable lights". Through a non-exclusive partnership with LIFX's global retailers, LIFX White will be sold around the world in online and offline retail channels along with promotional support from those retail partners. For the first time, LIFX expects to break the US\$10 price barrier, with LIFX White targeted to retail in the United States starting at US\$9.99, and elsewhere at comparable prices currently being negotiated.

To address the other major blocker to mainstream adoption - setup complexity - LIFX White will fully support a breadth of new Amazon connectivity technologies, including simple setup technology that will automatically associate the light with a customer's home wireless network and LIFX account by way of an Amazon Echo device (considered to be the most popular smart speaker in the USA¹). For customers that have an Amazon Echo device in their home, this will make the setup experience as simple as screwing the light bulb into a fixture. Association with the wireless network and addition to the customer's LIFX account will happen seamlessly and automatically.

¹ See <https://www.emarketer.com/content/amazon-maintains-convincing-lead-in-us-smart-speaker-market>

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“We couldn’t be more pleased to be bringing this new LIFX White to market, and hope to disrupt the whole smart light category in doing so”, said David McLauchlan, CEO of Buddy Technologies Limited. “It is possible to get to this price point and maintain our margins only with the kind of global volume that our retail partners around the world can provide us, not to mention the vast improvement in the setup experience Amazon provides with their simple setup technologies for smart devices in the Alexa ecosystem”. At the 2020 Consumer Electronics Show in Las Vegas last month, Amazon announced that there are now “hundreds of millions of Alexa-enabled devices”, up from 100 million the year prior. This includes Amazon’s own brand of Echo devices, as well as third party Alexa built-in products.

As a matter of routine activity, retailers regularly provide LIFX with their order forecasts which inform the manufacturing requirements of the business (typically these forecasts are made well in advance of actual orders coming in, as products take an average of 3 months to be manufactured, shipped and warehoused, ready for ordering by retail partners). Following a tour of retailers in North America, Europe, and the U.K., the Company has received CY2020 unit forecasts of sufficiently large volume to warrant an initial parts & manufacturing order of 500,000 LIFX White lights. These figures are incremental to the demand for the balance of the LIFX portfolio.

LIFX White will replace the existing LIFX Mini White light presently available, which has a manufacturer suggested retail price of US\$19.99. The Company expects to introduce the product in CYQ2, and is currently making arrangements with its supply chain to ensure production is at full capacity in time for a launch in the U.S. and European summer. The Company has advised retail partners that expected payment terms for purchase orders for this initial tranche of 500,000 units will be upfront payment.

While order forecasts from retail partners have historically been a very accurate measure of their future ordering behaviours, an order forecast does not bind a retailer to order in that quantity. Accordingly, and at this point in time, the Company is not able to disclose the revenue materiality of launching LIFX White because that is dependent upon product purchase orders received on a demand driven basis from retailers. As those purchase orders are received, the Company will inform the market by way of further ASX announcements.

With the expected co-promotion of LIFX’s other products alongside LIFX White by retail partners, the anticipated increase in volume of LIFX’s full range of lights shipped is likely to further drive down manufacturing costs across the LIFX portfolio, not just this new LIFX White product.

Due to the size of this order and the credit worthiness of our retail partners, the Company is presently negotiating with our financial partners to extend financing terms outside of our normal arrangements, to facilitate manufacturing such a large volume of product. The Company will provide shareholders with an update on the progress of its negotiations by way of further 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), Shenzhen (CN) and Silicon Valley (US).

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

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