



ASX MARKET RELEASE

LIFX Announces New Agreement with Best Buy; LIFX Downlight Commences Presales in the U.S.

SUMMARY

- LIFX has entered into a new vendor program agreement ("VPA") with major U.S. consumer electronics retailer, and key LIFX partner, Best Buy
- The new VPA provides for elevated marketing/promotion of LIFX products in Best Buy stores, better accommodates online sales at bestbuy.com and makes room for new products launching in 2022, including LIFX Downlight (all while costing 45% less than last year's VPA)
- Presales for LIFX Downlight have launched in the U.S., with retail partners affirming that this may be the most anticipated new LIFX product in recent years
- LIFX Downlight is the first downlight fixture sold by the Company in the U.S. market, and will be sold in 2-pack configurations, in line with customer purchase behaviour
- Retail launch partner for LIFX Downlight in the U.S. will be Best Buy; this new generation of downlight is expected to launch in Australia next quarter.

11 March 2022 - Adelaide, Australia

Buddy Technologies Limited ("**Company**" or "**Buddy**") (ASX:BUD), a leader in IoT and cloud-based solutions for making spaces smarter, is pleased to provide an update on a major retail partner and the launch of presales for the first new LIFX product released in 2022.

Best Buy Vendor Partner Agreement

Every year, the Company completes an annual business and contract review with Best Buy U.S., whereby all aspects of the relationship between the two businesses are reviewed and considered for the coming year.

The Company is pleased to advise that having just completed this review, Best Buy and Buddy have agreed to enter into a new vendor program agreement ("VPA") for 2022, with several adjustments to better address the changing retail environment in 2022, and with the intention to further grow sales across the U.S.

The new VPA reduces hard-dollar spend (minimum committed spend, which is predominantly the cost of “renting” shelf space in stores) by 45% in 2022, in line with an increasing customer focus on online purchasing (bestbuy.com) and curbside pickup. This reduction in spend frees up a balance of funds which can now be re-allocated towards strategic marketing and promotion efforts to grow sales. Furthermore, Best Buy has agreed to provide a doubling of guaranteed ad placements (10 per year, vs. 5 per year previously) on bestbuy.com and in large-scale email distributions. No other material terms have changed from prior VPAs, and as with prior VPAs, there is no minimum required amount of product to be sold.

Negotiation of the new VPA was conducted as the Company saw steady and improving increases on sell-through rates at Best Buy since the start of the calendar year. For context, year over year unit sell-through across all products has grown month on month, averaging 30% up for January and 88% in February 2022 (over the corresponding periods in 2021). This reflects a gentle strengthening of the retail environment for smart home products post-pandemic closures, as well as an improved inventory position and more favourable pricing (which, given the Company's investments in reducing its supply chain costs, has resulted in improved margins year over year). At this stage, no further retail agreements have been renegotiated.

LIFX Downlight

A key component of the Company's efforts to increase margins, grow revenue and reach new customers outside of the traditional consumer electronics retail channels, is the new LIFX Downlight. Further to prior guidance (refer to the ASX announcement dated 31 January 2022), the Company is delighted to announce the launch of its first new product for 2022 – the LIFX Downlight U.S.



Figure 1. LIFX Downlight has launched presales in the U.S. market, with a form factor that supports both 5” and 6” downlight ceiling cavities.

LIFX has not previously sold a downlight fixture in the U.S. (most downlights in the North American market are “can lights” into which a BR30 bulb is fitted), but with the evolution of the market and customer demand shifts, there has never been a better time to introduce such a product to the American market.

Since downlights are rarely purchased individually, LIFX Downlight will be sold in 2-packs and will be competitively priced. LIFX Downlight is brighter, less expensive and has better colour rendering index (“CRI” – a measure of a light to reveal the colours of objects it illuminates) than its closest competitor from the market leader, and is eagerly anticipated by the Company’s retail partners in the U.S.

LIFX Downlight will ship with support for both 5” and 6” downlight cavities, making it ideal for retrofit and renovation applications. Like all LIFX lights, it integrates natively with LIFX Switch, supports all popular voice assistants, works using Wi-Fi and doesn’t require a hub, and can be self-installed in minutes.

LIFX Downlight has passed all regulatory certifications and is expected to ship in CYQ3 2022, with retail assortment to follow. Best Buy is expected to be the retail launch partner for LIFX Downlight in the U.S. market, however, following retail launch by Best Buy, LIFX Downlight will be made available to, and is expected to be sold in, all major North American retail channels. While the LIFX 100mm Colour Downlight has been a top seller in the Australian/NZ market, a new mid-tier downlight product – a local version of this U.S. LIFX Downlight – is expected to launch next quarter. Further details on this product to be provided by way of ASX announcements.

For and on behalf of Buddy Technologies Limited,



David McLauchlan

Chief Executive Officer

Buddy Technologies Limited.

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’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 well over a million homes and considered to be the #2 brand of smart lights globally. 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 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 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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