



ASX MARKET RELEASE

LIFX Acquisition Update

14 February 2019 – Adelaide, South Australia

Buddy Platform Limited (BUD.ASX) ("Buddy" or the "Company"), a leader in IoT and cloud-based solutions for making spaces smarter, refers to its announcement dated 6 February 2019 ("LIFX Announcement") in respect to a binding agreement and plan of merger to acquire 100% of the issued share capital of leading smart lighting technology company, Lifi Labs, Inc. trading as LIFX ("LIFX") ("LIFX Acquisition").

The Company refers to its statement in the LIFX Announcement that *"it has applied for a waiver of Listing Rule 7.3.2 to permit the Earnout Shares to be issued more than three months after the General Meeting"* and wishes to provide the following update:

- it will not be seeking a waiver of Listing Rule 7.3.2;
- the Earnout Shares will be issued within the Company's existing 15% capacity under Listing Rule 7.1; and
- shareholder approval will not be required for the issue of the Earnout Shares.

The Company notes that the maximum number of Earnout Shares to be issued, based on the minimum price of US\$0.07, is 7 million.

Shareholders are advised that completion of the LIFX Acquisition is subject to the satisfaction and/or waiver of certain conditions precedent including Buddy completing the acquisition financing and obtaining all requisite shareholder approvals (refer to the LIFX Announcement dated 6 February 2019).

OTHER UPDATES

Both Buddy and LIFX have been thrilled with the messages of support and congratulations from major retail and platform partners, subsequent to the LIFX Announcement. Buddy and LIFX are pleased to provide the following updates to shareholders:

- LIFX has achieved a "best-ever" January in 2019, with last month being the first January in the company's history to exceed over A\$3.4 million in (unaudited) revenues (over A\$4 million in gross revenues, ie: revenues before deductions)
- January (unaudited) revenues for LIFX were in line with the vector required to deliver growth consistent with prior years (being 70-100% revenue growth year on year since 2015)
- Best Buy in the U.S. significantly outperformed expectations in January

- Preliminary integration work has begun between Buddy and LIFX, with the first visit by U.S. LIFX staff to Buddy's Seattle office

In addition, Buddy also wishes to provide the following additional information and clarification in respect of the LIFX Acquisition:

- The Company's A\$15.1 million in cash (as of 31 December 2018; refer to the Appendix 4C announcement dated 1 February 2019) will not be utilised to fund the Cash Consideration or pay down the LoC under the LIFX Acquisition, ensuring those funds are available to fund the working capital requirements of the combined company
- As part of the debt financing currently being negotiated with debt financiers, the Company will procure a trade finance facility to fund the costs of manufacturing the LIFX product range, to ensure that manufacturing costs of LIFX products need not be borne out of the Company's existing cash balance. The Company notes that it is market standard practice for vendors of products like LIFX to employ rotating lines of credit or other trade finance facilities to fund manufacturing costs in advance of receiving payment for those units
- LIFX reiterates that it is targeting achieving profitable operations in CY2019 and the Company notes that unaudited revenues and EBITDA for Q2FY19 were A\$17M and A\$284k respectively (before any contractual reductions for out-of-the-ordinary matters). This includes (A\$1M) of EBITDA from US region import tariffs that were applied since September 2018, and so accordingly Q2FY19 would have been more profitable were it not for those tariffs
- Subject to shareholder approval, both Buddy CEO David McLauchlan and Buddy Chairman Rick Borenstein will each subscribe for A\$150,000 worth of Shares under the Placement.

For and on behalf of Buddy Platform Limited.



David P. McLauchlan

Chief Executive Officer
Buddy Platform Limited.

About Buddy

Buddy Platform Limited (BUD.ASX) provides simple, affordable and engaging solutions for customers of any size to make their spaces smarter and their occupants more efficient, environmentally-aware and informed. Buddy Cloud, Buddy Ohm and Parse on Buddy are the company's core offerings that empower its customers to fully leverage digital technologies and their impact in a strategic and sustainable way. **Buddy Cloud** enables ubiquitous access to and storage of data from any environment – recreational vehicles, schools, commercial buildings or an entire city – in support of smarter, healthier spaces. **Buddy Ohm** is a resource monitoring solution that simplifies building operations and provides peace of mind by harnessing real-time utility and operational data to reduce or mitigate risk and improve operations, savings and sustainability. **Parse on Buddy** is a mobile backend as a service (mBaaS) built on the world's most popular BaaS technology. Buddy Platform is headquartered in Adelaide, Australia, with offices in Seattle, Washington.

For more information, visit www.buddy.com.

About LIFX

Over the past six years, LIFX 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). The company has 48 staff across offices in Melbourne, Australia; Silicon Valley, USA and Shenzhen, China.

To learn more about LIFX's products please visit www.lifx.com.

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