



ASX MARKET RELEASE

LIFX Acquisition Completed

SUMMARY

- Buddy has completed its acquisition of leading smart lighting technology company, LIFX
- Buddy has entered into an agreement with the LIFX Majority Seller to defer a portion of the cash consideration due to it under the Merger Agreement
- LIFX's Chief Technology and Product Officer, Marc Alexander has been appointed to the Buddy Board of Directors
- The acquisition brings a globally deployed energy and sensing platform in LIFX's lights to Buddy's Ohm energy monitoring product, while bringing Buddy Ohm's energy monitoring platform to LIFX's smart lighting products
- Since 2015, LIFX has sold over two million lights in over a hundred countries with revenues growing between 70% and 100% year on year, with LIFX year to date sales trending at the upper end of that growth range
- The acquisition will be revenue and earnings accretive for Buddy, with expected LIFX profitability in CY2019
- LIFX generated A\$2.91M (unaudited) in revenues in February 2019 (nearly double February 2018 revenues), with -A\$261k (unaudited) in EBITDA.

1 April 2019 - Adelaide, South Australia

Buddy Platform Limited ("**Company**" or "**Buddy**") (ASX: BUD) is pleased to announce that it has successfully completed the acquisition of the entire issued share capital of Lifi Labs, Inc. trading as LIFX ("**LIFX**") ("**Acquisition**").

In respect to the ASX Announcement dated 18 March 2019 and the addendum to the notice of general meeting dated 18 March 2019 ("**Addendum**") (together the "**Acquisition Announcements**") the following update is provided.

DEFERRED CONSIDERATION AND LINE OF CREDIT ARRANGEMENTS

Pursuant to the term sheet referred to in the Acquisition Announcements, Buddy, Luminous Wide Limited ("**Luminous**") and Eastfield Lighting (Hong Kong) Co. Limited ("**Eastfield**") have executed a formal agreement whereby Luminous has agreed to defer payment of a portion of the cash consideration under the merger agreement and Eastfield has agreed to amend the agreed-form Loan Agreement (as that term is defined in the Notice – for avoidance of confusion, in this announcement the Loan Agreement is referred to as the "**New LoC**"). The

agreed terms are substantially the same as in the Acquisition Announcements, except for the following:

- (a) repayment of funds under the New LoC are payable as follows:
 - (i) US\$2.78 million of the New LoC will be repaid on or before 19 April 2019;
 - (ii) US\$3.7 million of the New LoC will be repaid on or before 30 June 2019; and
 - (iii) the remainder (US\$3.7 million) will be repaid on or before 31 December 2019;
- (b) an amount of US\$750,000 was paid by Buddy as a deposit in respect to the repayment of the US\$2.78 million (detailed in paragraph (a)(i) above) under the New LoC ("**Unpaid AR**") and in the event the Unpaid AR is not repaid by 19 April 2019, the deposit will be forfeited to Eastfield (ie. the deposit will not be applied towards the repayment of the New LoC). The deferral of the Unpaid AR amount was agreed in order to facilitate the completion of formal documentation for a third party trade finance facility (refer to the "Tranche B Debt Financing" detailed in the ASX announcement dated 18 March 2019) without delaying completion of the Acquisition;
- (c) as part of the New LoC, the Company will issue to Luminous (and/or its nominee) 100,000,000 options in the Company each with an exercise price of A\$0.0759 (calculated on the 5 day VWAP of the Shares prior to the date of the 25 March 2019 general meeting) and an expiry date of 5 years. The options will be issued under the Company's existing Listing Rule 7.1 capacity.

With the completion of the Acquisition, the Company reiterates that it will continue to assess and review the terms of various debt financing facilities that may be available and will re-engage with third party debt financiers if such terms are considered favourable to the Company (having regard to the terms detailed above). The Company will provide shareholders with an update via ASX announcement if it enters into any such arrangement with third party financiers.

Various Buddy securities in respect to the Acquisition, including the the majority of the consideration shares and the options detailed above will be issued over the course of today and an Appendix 3B will be lodged following the issues. Note that the Company will issue the remaining portion of the consideration shares upon receipt of certain documentation in connection with the merger agreement.

MILESTONES

This quarter, LIFX passed the milestone of two million (2,000,000) lights sold worldwide. This mark was reached through strong February sales performance, with A\$2.91 million in revenues and -A\$261k in EBITDA (both unaudited). These figures saw February revenues nearly double on February 2018. Accordingly, Buddy continues to expect LIFX to achieve profitability in CY2019 given year to date sales trends.

MARC ALEXANDER APPOINTED TO BOARD OF DIRECTORS

Following strong shareholder approval of the resolution to appoint Marc Alexander to the Buddy Board of Directors at the 25 March 2019 general meeting (subject to the completion of the acquisition), the Company confirms that Marc has now been appointed to the Board of Directors. The Board extends its congratulations to Marc, and looks forward to working with him over the coming years.

BUDDY CONNECT 2019

Following the completion of the Acquisition, the Company is presently considering options for its annual shareholder product presentation. Once details are confirmed, the Company will advise investors of the specifics by way of an ASX announcement.

**David P. McLauchlan**

Chief Executive Officer
Buddy Platform Limited.

About Buddy

Buddy Platform Limited (BUD.ASX) helps customers of any size to “make every space smarter”, by way of two subsidiaries – **Buddy Platform** and **LIFX**. Within Buddy Platform, 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.

For more than 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).

Buddy is headquartered in Adelaide, Australia, with offices in Seattle, Melbourne, Silicon Valley and Shenzhen.

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

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