



ASX MARKET RELEASE

2019 CEO Letter to Shareholders

30 April 2019 – Adelaide, South Australia

Dear Shareholders,

Ordinarily I'd begin by welcoming you all to the new year, however given the goings on of the past few months it seems more appropriate to welcome you all to an expanded and very exciting business - Buddy Technologies Limited! As you know, we started the year as Buddy Platform and now approach the midpoint of Q4FY19 as a larger, broader and I believe, even higher velocity business with the addition of LIFX. To our new shareholders that have joined us recently, or even by way of the LIFX acquisition - I offer a particular welcome.

This year we have much to discuss. Our business has undergone substantial change in recent months, and so I'd like to take this opportunity to share my thoughts on the landscape ahead of us, to talk through our immediate future, to explain some of the mechanics of the LIFX business, and to provide some detail on the targets that we've placed on the business.

Overall 2019 Strategy

First and foremost, let's talk about our corporate strategy moving forward. We changed our name (from Buddy Platform to Buddy Technologies) to recognise the fact that we're building a family of complementary technologies for making spaces smarter. Those spaces might be residential or commercial, they might be intimate or cavernous, and they might already be wildly tech-enabled, or they might be tech-barren. In ten years, I want us all to be able to look back and feel enormous pride that we built a company whose products have made a real impact on spaces around the world and with the people that use them.

To achieve this, we're taking a two pronged approach - 1) we build or "power" amazing customer experiences that make spaces smarter, more efficient, and more comfortable. LIFX and our Buddy Ohm products are examples of building such experiences, Airstream is an example of powering such experiences in our customers' products; and 2) we offer the foremost cloud platform for energy management and data processing (ie: the Ohm Cloud) that any device can feed energy and environmental data into, and from which devices may take control direction based on that data.

Our view is that the world is only going to become more energy aware and over the course of time, more and more powered devices will become energy self-reporting and responsive. We want Ohm to be the backbone of that, and we want our technology powering the customer experiences that benefit from that.

Tactically, we have three targets for 2019:

- 1) Achieve Buddy Group (ie: Buddy Ohm, Buddy Cloud, LIFX) profitability by end of CY19
- 2) Achieve breakeven across the Buddy Ohm + Buddy Cloud businesses by end of CY19

* Please note that all revenue figures listed are un-audited.

- 3) Achieve 70-100% year-on-year growth in LIFX revenues in CY19 (consistent with previous years)

All of these have been previously disclosed, but bear repeating. These targets span the full business and every member of our team is working towards one or more of these outcomes. That's the vision and the mission - now let's talk about how we get there.

Organisational Structure

While it is important in the immediate weeks and months following an acquisition not to simply force the two entities together as a single unit, it is equally important to identify easy wins - efficiencies, cost savings, better ways of doing things, elimination of duplication, etc. To achieve this, we're putting in place the following organisational structure effective immediately.

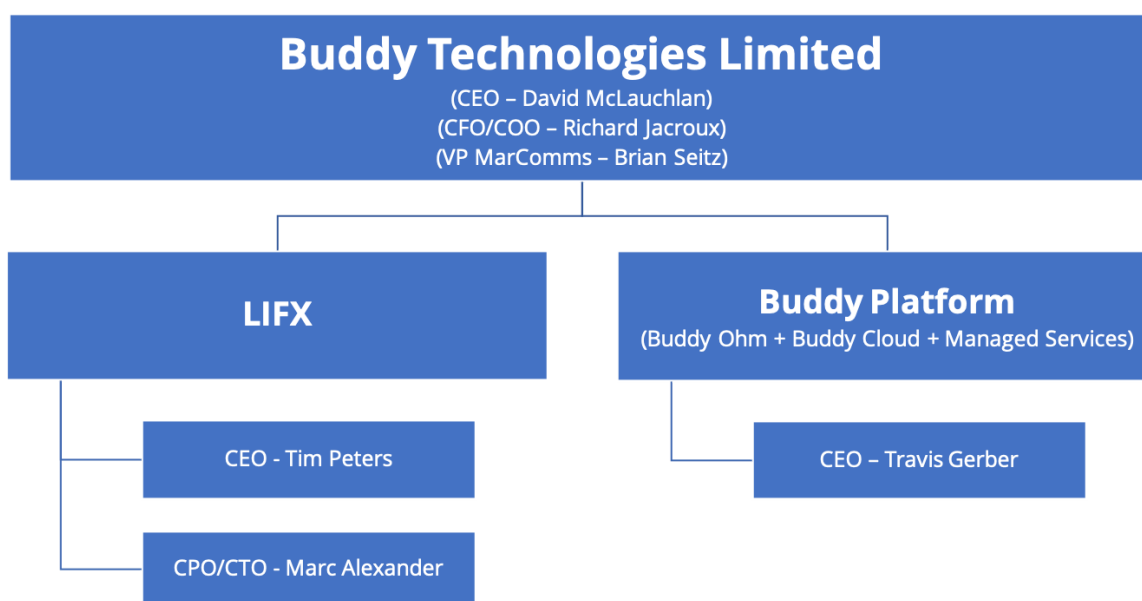


Figure 1 - The Buddy Technologies Limited organisational structure

The business is now divided into three structural entities - the listed vehicle, Buddy Technologies Limited (the parent company - shortened to the "Buddy Group"), LIFX and Buddy Platform. I'll continue to lead the parent company in my role as CEO of the Buddy Group, and I've asked Richard Jacroux to take COO/CFO ownership of the group of businesses. Joining him will be Brian Seitz, who will have responsibility for Marketing and Communications across the group. Both will report to me.

On the LIFX side, the general structure of the business remains the same. We have made some small organisational changes within LIFX, including some much deserved promotions and realignment of responsibilities. Tim Peters will continue to lead the LIFX business as CEO, alongside co-founder Marc Alexander who will continue in his role as Chief Product and Technical Officer of LIFX. I am pleased to share the promotion of Suzanne Oehler to the role of VP of Global Sales, a much deserved elevation and particularly important as we consider our 2019 targets.

On the Buddy Platform side, I'd like to introduce the new CEO of this business - Travis Gerber. Many shareholders will recognise Travis as our former VP of Customer Success, and I was very pleased to be able to ask Travis to take on more responsibility within the business. Travis will have full ownership of Buddy Platform, and has already made an impact in the management and operations of this business. He recently spent time down in Australia with our team there, as well as paying a visit to the LIFX offices in Melbourne to meet his new colleagues on that side of the business.

* Please note that all figures listed are un-audited.

Reporting into Travis are Adam Schultz (VP of Business Development) and Paul Russell (VP of Engineering). As part of this restructuring, Charles Eliot (former VP of Product) and Tim Ritchie (former VP of Sales) have departed the organisation, with responsibility for those areas reassigned amongst the team.

Cost control is a major focus for Richard and me this year, and so it is important to underscore that these changes have resulted in net cost savings across the group - in fact there has been a contraction of the executive team group-wide.

Balance of the Business

With LIFX joining the Buddy Group, we now have a situation where one side of the business is still very nascent (Buddy Ohm first sales were logged in November 2017), and another side of the business that is in a strong growth phase (LIFX first sales were logged in the first quarter of 2013). The Buddy Ohm business is very much in startup mode - with all that entails (strategy adjustments, uncovering new customer opportunities, testing of different marketing strategies, etc...), while the LIFX business is very much in scale mode - we know exactly how the investment of \$1 can be turned into \$2.

Accordingly, the Buddy Board of Directors have taken the view that in order to achieve our targets for 2019, we must invest as much as we can in LIFX's growth and accelerate their path to profitability, while streamlining our investment in Ohm in accordance with the guidance we've given the market. This means reducing our quarterly cost base on the Buddy Platform and Buddy Group entities to A\$1.2M per quarter, focusing our sales efforts on our major channels such as Ingram Micro now that they're up and running, and focusing our regional attention on markets such as Latin America and EU/UK where we have people on the ground and existing relationships in place.

Even if Buddy Ohm performs beyond our expectations, if LIFX performs as expected, its head-start meant it would always be a larger business. Not only this, but as time passes and more Buddy Ohm implementations are sold with LIFX lights as sensors, or LIFX deploys Ohm energy awareness features in those products, the line between the two businesses will necessarily blur. The exciting news is that the opportunities we have now to compete in both residential and commercial environments has never been stronger, nor more plentiful. LIFX gives Ohm a brand new platform and reach, while Buddy Technologies gives LIFX the access to working capital financing to build as much product as the business can sell.

Buddy Platform in 2019

Let's talk about Buddy Ohm & Buddy Cloud traction and forward looking plans. While every region in which we sell Buddy Ohm saw sales increases this quarter over last (offset by Cloud decreases as our Airstream contracts reset), we are not seeing the sales growth from our existing model that we want. That means SaaS revenue is going up, but the business isn't performing at the level where we'd like it to be. The time has come to make substantial changes in order to meet our forward-looking commitments - here's what we're doing:

- 1) We have reduced our cost base for Buddy Platform and Buddy Group down to A\$1.2M per quarter. This is a very meaningful reduction, and comes from a consolidation of our investment in people and markets. For example, our relationship with Ingram Micro - the world's largest distributor of technology products - has just launched, and so now we must leverage this relationship moving forward. This will allow us to dramatically reduce our expenditure on training, support, reseller maintenance and direct sales.
- 2) We will move to a third party hardware sensor model. Buddy currently manufactures our own sensors, which report data into our Buddy Ohm cloud backend infrastructure. While the cloud, mobile and web experiences won't change, third party products can provide deeper data collection functionality at a lower price point. As such, we will be moving to ship WattWatchers-based hardware for all future Ohm electrical installations, substantially reducing cost of goods sold (COGS), improving supportability and even adding near-future support for control.

* Please note that all figures listed are un-audited.

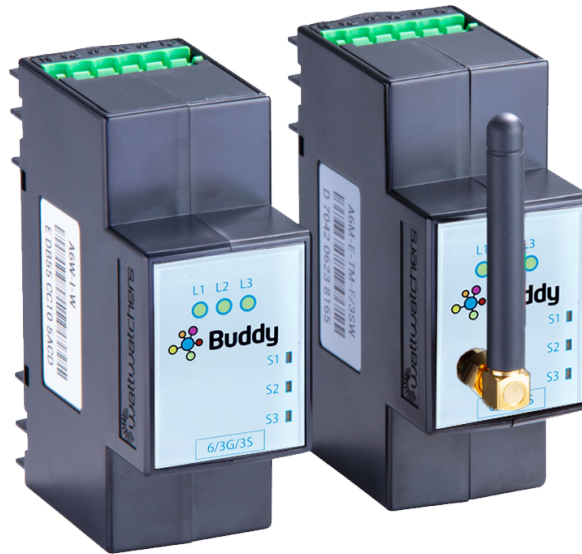


Figure 2 - WattWatchers were already a “Works with Ohm” partner - we’ll now use their products exclusively for electrical panel monitoring.

- 3) We will rapidly move to integrate LIFX lights as Buddy Ohm sensors, tying the two cloud platforms together such that LIFX lights can be deployed in Ohm environments and replace more expensive Ohm hardware.
- 4) We will focus on doing more to grow the managed services business. Airstream, for example, is a profitable project for the Company, and with an arsenal of new technology within the company with the rollout of Ohm and following the acquisition of LIFX, there is also much more that Buddy can license and deploy for customers into their own products. We already do this with Airstream successfully and profitably - we will endeavour to grow this side of the business in 2019.
- 5) We will shut down our Parse on Buddy offering. We will do this immediately, and realise ~A\$30k per month in cost savings. Unfortunately we were not able to bring this product into line with the EU’s GDPR requirements (which across the industry, was true of many products), and it is more prudent for us to invest those savings into LIFX growth where there is a known and positive return on that investment. For the avoidance of any doubt, both the LIFX Cloud and the Buddy Ohm Cloud are fully GDPR compliant.
- 6) We are moving offices and taking advantage of co-working space. This is a popular trend in the US right now, and we will be doing this in Seattle and have already made the move in Adelaide. Co-working spaces are often cheaper, fully resourced, and offer better support services and networking opportunities too. This is but one of a number of other efforts we’re taking to support the cost cuts we’ve committed the business to.

The biggest immediate change will be the move to utilise WattWatchers hardware to support our future Ohm electrical installations. This won’t reset any of our tenders or project bids, although it may give us an opportunity to reprice those. Our average bill of materials for installs will drop by nearly 70%, and our cost of ongoing operations on a per site basis will drop by 75%.

Importantly, moving to third party hardware as the collection sources for data inbound to the Buddy Ohm cloud in no way restricts the bids and tenders that are currently outstanding (all of which remain in play), nor impacts negatively on any of our distribution or reseller arrangements.

* Please note that all figures listed are un-audited.



Figure 3 - WattWatchers device installed as part of a Buddy Ohm deployment.

In actual fact, we are in effect moving to a “Works with Ohm” only hardware model - remembering that both LIFX lights and WattWatchers were early WwO participants. While we didn’t anticipate being able to do so so quickly, the customer, the installer and the shareholder all benefit from this move. We’re very excited to be able to do it, and welcome it as a core component of our streamlining for 2019.

Latin America and Caribbean

Following the decision to terminate our exclusivity arrangements with Digicel, we immediately signed on additional resellers in the Caribbean and Latin American markets. I’m pleased to report that within the month, Digicel signed a deal to install Buddy Ohm across 6 national park sites in Antigua for a total of 27 measured points, and within days one of several new resellers joining the market signed a deal for monitoring cold storage warehouses. Sales in this region have been price challenged, and so we have been selling “at market”, in anticipation of upselling the customer over additional sites and monitoring points.

United Kingdom and Europe

To understand the opportunity for the Company in the UK and EU through Rizon and Ingram Micro, it is vital to understand just how rapidly the regulatory landscape is changing over there. The launch of the SECR legislation in the UK and ongoing EU focus on carbon reduction and reporting, are driving significant industry level investment in energy reduction, sustainability monitoring and compliance activities. Specifically, SECR came into force on 1 April 2019 and mandates that companies affected by SECR (of which there are 12,000 companies) must:

1. Include electricity, gas and transport energy and carbon emissions information in their annual company/directors reports
2. Produce a narrative within the annual report to provide an overview on energy efficiency measures that have been undertaken during the previous financial year
3. These reporting requirements make it essential for organisations to have accurate and timely energy/ emissions data.

* Please note that all figures listed are un-audited.

On a European-wide basis, all 28 member states are lagging substantially behind the EU carbon reduction targets, which mandate a 30% reduction over 2005 levels by 2030. The penalties for exceeding the carbon targets agreed between the member states and the EU are significant, with these penalties being applied as a carbon tax in all member states.

In Ireland for example, the average household in 2018 paid approximately €200 in carbon taxes for the full year. This is estimated to rise to between €2,900 and €4,600 per household per annum by 2030, an increase of approximately 1,875%. While 2030 may seem a while away, the individual governments are already having to prepare and introduce new control mechanisms and price increases. In Ireland for example, both gas and electricity prices increased at the wholesale level by nearly 30% in 2018. Achieving the target “Net Zero Emissions” by 2050 as planned by the EU is anticipated to require an investment of €200 - €250 billion per annum for the next 30 years. This opens a meaningful opportunity for Buddy Ohm and LIFX’s energy efficient lighting, with energy suppliers now being under mandate to reduce consumption in line with the EU 2030 and 2050 carbon reductions, across the continent.

An interesting new deal signed in the UK since our last update is with Connect Plus Services (holders of a 30 year contract to manage the M25, the UK's busiest motorway). On the last day of the quarter, they signed for the first of 8 sites each of which will have 15 measurement points, with a second site planned for this current (Q4FY19) quarter. Connect Plus Services’ parent company group includes Balfour Beatty who are one of the worlds largest International infrastructure groups, with significant numbers and sizes of sites across the globe. Connect Plus has also engaged us on a proposal for street lighting monitoring for the M25. These sites have been sold at market pricing, consistent with prior guidance.

Martin Carroll, our General Manager of EU, is now actively working on joint Buddy Ohm and LIFX opportunities in the region. He reports that combining the two offerings in a unified platform is helping to progress opportunities, and the regulatory environment in the region should only help this moving forward.

City of Newcastle

In March we published a Buddy Ohm themed update (see ASX announcement dated 21 March 2019), and made reference to an Australian east coast city tender win. I’m very pleased to announce that further to that announcement, Buddy Ohm has been selected to the City of Newcastle’s Start-up Catapult Program that will see it provide Ohm as a service. The scope of the Start-up Catapult Project is 6 buildings comprised of 50+ monitored points (a combination of power, water and climate), including installation, monitoring, managed services and insights & recommendations (from a facilities management consulting partner). The project is scheduled to run for 3 months with an option to extend the duration and expand the footprint. These sites have been sold at market rates; first revenues from this customer are booked, with the remainder expected within the current Q4FY19 quarter.

Airstream, Managed Services and the LCM

A recent success for Buddy Platform has been our engagement with Airstream. By way of reminder, Buddy is the provider of cloud services and the mobile application behind Airstream’s connected trailer program, which has won rave reviews in its industry. In this instance, we’re deploying Buddy technology in a customer’s product. If Airstream was a stand-alone business, it would be profitable, so there’s opportunity to take learnings from this project and apply them across the business.

Probably the most under-appreciated asset within the LIFX business is their LIFX Control Module (“LCM”), cloud platform, mobile app platform and voice skills support. While these components form the core of all their lighting products, as a combined platform, this technology asset can be deployed in nearly any powered product. Should vendors of power points (wall sockets), light switches, ceiling fans, space heaters or nearly any powered product wish to 1) make their products connected, 2) app controllable, 3) energy aware, and 4) compatible with the top voice assistants in the world today (Amazon Alexa, Google Home Assistant, Apple Siri, Microsoft Cortana) - then this is the technology stack they need. Noting that getting devices certified to work with voice assistants like Amazon’s Alexa is non-trivial,

* Please note that all figures listed are un-audited.

being able to offer a self-contained platform to enable this functionality into nearly any existing product is very meaningful.



Figure 4 - The tiny LIFX Control Module (LCM), the “brains” behind each LIFX light.

Just as our team deploys Buddy Cloud technology into Airstream, so too can our team deploy LIFX technology into third party products. Doing so would turn any such product into an Ohm energy monitor sensor as well as all the other functionality that the LIFX platform brings. This aligns with our view that energy awareness and action-taking will increasingly be at the device level, not at the panel level. I consider this a real growth opportunity for the Buddy Group starting in mid-late 2019 and scaling beyond that.

LIFX Acquisition

Moving now to LIFX, we were very pleased to celebrate the completion of the acquisition of LIFX at the end of March - makers of what we believe to be the world’s smartest lighting products, and the backbone of the “smart space”. I’m extremely proud of this deal, and especially of the fact that we’re bringing what I believe to be one of Australia’s great startup stories “back home”.

LIFX was founded in Melbourne, and after raising some angel investment and having one of the world’s (then) largest Kickstarter campaigns, they raised further funds from Silicon Valley and moved their headquarters to the San Francisco Bay Area. Ultimately their largest shareholder and holder of the majority of the board seats was their Shenzhen, China-based manufacturer all while their team was still largely based out of Melbourne.

For those that haven’t experienced a LIFX product, I urge you to visit a local consumer electronics store (in Australia, try JB Hi-Fi, Bunnings, Beacon Lighting or any Apple Store) and try one out. Their products are beautiful, intuitive, delightfully functional and will change the way you think about lighting. Just as the advent of colour televisions meant you’d never consider buying a black and white TV again, so too will internet connected, colour changing lighting dramatically alter how people think about illuminating spaces. In fact, for many households around the world, adding smart connected lighting products is their first step towards making their spaces smarter. Making spaces smarter is what Buddy is all about - and the primary reason why we agreed to bring our businesses together.

Despite the fact that LIFX is second only to Philips’ Hue connected lights in the market, we consider LIFX’s products to be the technical leader in smart lighting due to their hub-less design and sensors & technology built into their products that allow them to activate latent features with software updates. Those sensors will feed data into Buddy’s Ohm platform, and allow us to explore commercial opportunities for their lights in partnership and alignment with our Ohm platform. It costs less to manufacture a LIFX light than it does a Buddy Ohm sensor, so expect that we’ll leverage this as soon as possible.

Finally, bringing LIFX under the Buddy Technologies umbrella reflects our growing view that energy monitoring and control will increasingly be performed at the point of consumption, not at an aggregated point like a fuse box or electrical panel. I’ve talked previously about closing the OODA loop - in other words, not just monitoring energy consumption, but proactively taking action to effect reductions in consumption via control. This is hard and impractical to do at the electrical panel, but much more relevant and interesting at the device

* Please note that all figures listed are un-audited.

level. LIFX lights that both measure their own energy consumption, but can dim, turn on or off, or take other actions in response to external stimuli (including energy data) represent only the first instance of this model, and one that we expect to see replicated in all manner of devices. The Buddy Group now has the technology and wherewithal to enable this in any powered device.

LIFX's Impact on the Numbers

Adding LIFX to the group will obviously have a material impact on our revenues, cost base, receipts, currency exposure and much more. Investors should consider the Appendix 4C just released today as somewhat of a hybrid one, as it contains only a few days of LIFX revenue, but also costs incurred as part of the acquisition. We are sharing all top level numbers associated with the business at this juncture - not just the strict disclosure requirements of an Appendix 4C, but a full pro forma disclosure of receipts, revenues, cash-based expenses and gross outflows. We do this to provide investors with as much information about the business as possible, but remind investors that these numbers include disproportionate costs due to the acquisition, amortised revenues and expenditures based on the timing of the deal and so forth.

Likewise, LIFX revenues are not linear across a calendar year. Like all consumer electronics companies, LIFX drives materially larger revenue in calendar Q4 (ie: the holiday quarter) than other quarters. Some years, Q4 has been larger than Q1-Q3 combined. Aside from this being due to typical consumer electronics seasonality, lighting is especially relevant during the holidays (noting that Q4 includes Halloween, Thanksgiving, Christmas and New Year's Eve) and historically the major voice assistant platforms engage in very intensive marketing campaigns during this period. Accordingly, LIFX benefits given their very strong attachment to Amazon Alexa and Google Home Assistant sales and marketing during this period.

Getting to Profitability

I'm often asked about the path to profitability for LIFX. It is instructive to look first at last year, and then turn to 2019. Last calendar year (CY2018 revenues of A\$38.5M), LIFX would have been profitable were it not for 1) the unexpected addition of the Trump tariffs (which took a standard 2.5% import tariff from China to the US up to 12.5% - remembering that the US is the single largest market for LIFX), 2) the additional cost of air shipments (vs. sea shipping which cost nearly A\$1M in additional shipping charges) and 3) nearly A\$10M of orders from retailers that were unable to be fulfilled or delayed due to capital restrictions with supply.

As part of the acquisition process, Buddy agreed and executed a new and favourable manufacturing agreement with LIFX's manufacturer in China, and we also just announced a new A\$20M working capital facility which will be used to fund manufacturing costs. These two developments alone will contribute significantly to achieving the two of the targets we're setting for 2019 - 1) growing 70%-100% year-on-year, and 2) reaching profitability this calendar year.

With this new working capital facility and terms with our manufacturer, we will no longer have to air freight all product out of China. This is great news, and in fact, we've already shifted the majority of all product to sea shipping, reducing shipping costs on those units by 80%.

As for the Trump tariffs - those are out of our control. That said, if the tariffs are lifted, that's an additional 10% margin straight to the bottom line. Our internal budgeting and planning accounts for the tariffs being in place all year, but if they are removed, that's all upside to the bottom line. We will continue to watch developments there very closely.

Finally, LIFX has long had a twice yearly process of "value engineering" - a process by which they are able to continually cost reduce their products. This will seek to achieve gross margin improvements from 28-30% in 2018 to 34-35% by the end of 2019. This comes even with new models of LIFX lights to be launched in the coming year.

* Please note that all figures listed are un-audited.

Gross Revenue vs. (Net) Revenue

As is very common in the retail industry, there is the concept of gross and net revenue. Of course, financially speaking there is only “revenue” - but the concept of gross and net is important to explain because these terms will arise during the course of the coming year.

In retail terms, gross revenue is the total amount of sales derived from shipments to a retailer, excluding any deductions. Net revenue is the amount paid by the retailer to the vendor, net of deductions for cost of sale charges, marketing expenses, and the like. For example, a light might be sold to a retailer for \$100, but the retailer may charge \$9 in shelf space, may have engaged in a marketing co-promotion for \$5, and may have other expenses of \$4 (example figures only). In this example, gross revenue is \$100 and net revenue is \$82.

In each case, both the gross and net figures refer to the same number of lights sold, one is just net of the costs incurred by the retailer to sell the light. In other industries, this amount would likely be called out as marketing expenditure or billed in a separate transaction, but retailers tend to net out their costs from what they owe vendors in a single transaction - and so hence the gross vs. net revenue figures result.

Buddy will always report revenue as “net revenue”, however since the difference between gross and net varies month to month and by retailer, there may be circumstances where for comparison we’ll report gross revenue as well. For example, LIFX’s equityholders have a US\$1M earn-out if LIFX achieves US\$70M in gross revenues during CY2019, so we will report progress towards that milestone during the course of the year as well. However, for the avoidance of any doubt - any reference to “revenue” is a reference to “net revenue”.

Another point of note - nearly all of LIFX’s invoices to retailers are issued upon shipment of product from their warehouses to the retailer (ie: not upon sale in-store). This means that if a retailer issues a purchase order for product from LIFX, it may ship from the warehouse the next day with an invoice issued at shipment. Typical payment terms from the retailer to LIFX are 60 days, however per their agreements with retailers, this may increase to as much as 90 days over the calendar Q4 holiday period.

Debt in the Business

I’ve had several shareholders contact me to clarify the debt that we’re taking on in acquiring the LIFX business. I think it is worth taking a moment to explain that there’s two kinds of debt we’re talking about here - 1) our \$20M working capital facility, which simply refinances the line of credit LIFX had with their manufacturer, and 2) the acquisition finance - which is being vendor financed but may be refinanced with a third party in the future.

First of all, I think it is important to call out that debt can be a good thing in a business. Depending on its price, terms and use, debt funded growth can be vastly preferable to equity funded growth (or no growth at all!). That LIFX had a line of credit facility with their manufacturer was in no way controversial or unusual. What’s more, the A\$20M working capital facility is a very standard facility and something similar will be found in nearly every vendor of a hardware consumer electronics product around the world. It is a rotating facility - meaning the amount outstanding on the facility will go up and down during the course of the year - and we only pay for what we use.

The reason such a facility is in place is to smooth out the cash requirements of the business against cash flow. Product to be sold in the peak month of November may need to be ordered as early as May, but the cash received by LIFX may not land until February. Shareholders should therefore expect that the working capital facility will likely be drawn at its highest level at the end of the calendar year, and its lowest in the early half of calendar Q2.

The acquisition finance is presently being vendor financed by LIFX’s manufacturer, however reference commercial terms were shared with investors in the Notice of Meeting held in late March 2019. Such financing is not like a car loan or house mortgage - interest is often capitalised and payments may often be made in a single bullet payment at the term of the loan. The vendor financing that has been secured is under such terms.

* Please note that all figures listed are un-audited.

Performance Milestones

Two of LIFX's key employees are their CEO, Tim Peters, and their Chief Product and Technical Officer, Marc Alexander. All parties wanted to demonstrate their confidence in the business moving forward, and both Tim and Marc were very comfortable tying a significant portion of their overall compensation to revenue targets for the LIFX business over the next three years. Doing so gives Buddy (and our shareholders) as the acquirer confidence in the forward trajectory of the business, but also mandates that we publish those milestones, giving the market visibility into this confidence as well.

Tim and Marc each will receive four million shares of BUD upon LIFX achieving each of the following milestones:

- 1) A\$100M of cumulative revenue within 18 months of the acquisition closing
- 2) A\$200M of cumulative revenue within 30 months of the acquisition closing
- 3) A\$250M of cumulative revenue within 36 months of the acquisition closing.

In order to align ourselves appropriately, I've agreed to align my performance share vesting schedule with Tim and Marc's, and we will be aligning forward-looking board of directors compensation with this schedule as well.

LIFX Traction

Aside from each of January, February and March 2019 being "best ever" such months for LIFX, Q1CY19 was their best Q1 both by revenue and units shipped. This quarter saw just under 200,000 lights shipped worldwide (just under 125% growth year-on-year and more than Q1CY18 and Q2CY18 combined).

I'm also delighted to announce that LIFX crossed the two million lights shipped milestone in Q1CY19. LIFX shipped their first lights in 2013, and reached one million lights shipped in early 2018. To double that in about a year, is a spectacular result, and we can't wait to reach three million and beyond!

Other LIFX Q1CY19 highlights include:

- Completed launch in 222 Bunnings stores, the #1 DIY retailer in Australia
- Launched in Harvey Norman and JB Hi-Fi in New Zealand
- Launched the LIFX range in a new smart home concept in 50 Elkjop retail stores throughout Scandinavia (largest consumer electronics retailer in the Nordic countries)
- Launched the LIFX range in 50 AO retail stores in Denmark
- Launched the LIFX range in Namron's 19 stores (#1 home improvement retailer in Norway)
- Launched voice bundles with both Google and Amazon across multiple retailers worldwide
- Introduced feature updates to product - Tile Tap and new effects by app and voice
- Expanded LIFX product line at 350 The Home Depot stores in the USA
- Expanding LIFX products into a new merchandising category in all Best Buy stores in May
- CHOICE Consumer Research Report independently recommended three LIFX products against other known brands.

Investor Webinar

I'm a big believer in giving investors an opportunity to ask questions of company leadership, and so to that end we'll be hosting a webinar to discuss these earnings, the content of this shareholder letter and of course (and as always) to invite questions from shareholders and investors. The webinar will be held on Tuesday 7 May 2019 at 11am AEST. Details, including a registration link will follow.

* Please note that all figures listed are un-audited.

Summary

On behalf of the Board of Directors, management and employees of Buddy Technologies Limited, I thank you for your shareholding, and your interest in our business. There is no question that we will end 2019 a dramatically different company than we ended 2018, and I find that incredibly exciting; I've never been more passionate about where we're taking the business, and inspired by the team and range of products we offer. Thank you to all our people for the work you do on a daily basis to deliver the best possible customer experiences that make spaces smarter. We have an incredible few years ahead of us - I hope you'll continue the ride with us.

For and on behalf of Buddy Technologies Limited.



David P. McLauchlan

Chief Executive Officer
Buddy Technologies Limited.

About Buddy

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

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.

###

Buddy Technologies Contact:
Brian Seitz, VP of Marketing & Communications
Phone: +1 (206) 745-9079
Email: ir@buddy.com

