



ASX MARKET RELEASE

Market Update - Cash Burn and R&D Tax Incentive

SUMMARY

- Buddy Technologies can confirm that its commercial business (formerly known as Buddy Platform) has completed the cost cutting and restructuring disclosed in the Q3FY19 Appendix 4C Quarterly Commentary
- This brings the net cash burn of the commercial business back to A\$1.2 million per quarter
- Buddy has received its Australian Federal Government Research & Development Tax Incentive and its Austrade Export Market Development Grant of a combined A\$1.24 million
- The Company has fully exited its position in Weebit Technologies (ASX:WBT), resulting in a cash receipt of A\$407,703.39
- Integration work between WattWatchers hardware and Buddy Ohm Cloud is now complete, first shipments of Buddy-branded WattWatchers hardware is expected to arrive next week, first commercial installations of WattWatchers-powered Buddy Ohm is expected to occur this month.

7 June 2019 – Adelaide, South Australia

Buddy Technologies Limited (“Company”) (ASX:BUD), a leader in IoT and cloud-based solutions for making spaces smarter, can provide a market update on guidance that it would reduce operating costs and restructure its commercial business, Buddy Platform (refer to the ASX announcements date 30 April 2019 for further details).

Following a targeted program of cost reductions and restructuring, including the shutdown on 3 June 2019 of Parse on Buddy, the Company can advise that it has now completed this program and is currently operating its commercial business, beginning in June, 2019 on a net burn of A\$1.2 million per quarter. The restructuring effort resulted in a reduction by over two thirds of the operating cost of the business, down from a prior quarter net burn of A\$3.75 million.

Core to achieving this new cost basis is the introduction of the next generation of Buddy Ohm hardware - offered in partnership with “Works with Ohm” partner, WattWatchers.



Figure 1. The new generation of Buddy Ohm monitoring hardware, developed by WattWatchers

The integration work to bring this new hardware to market is now complete, and the first shipment of these Buddy Ohm devices is expected to arrive at Buddy's offices next week. Accordingly, the Company remains on track to have the first commercial installations of the new generation of Buddy Ohm hardware installed this month. A single WattWatchers device is capable of fully replacing a Buddy Ohm device and an Ohm Link extension device, substantially reducing the cost of installation and maintenance per customer. By way of reminder, this new hardware allows billing-grade energy monitoring, will enable Buddy Ohm to support control (at a later point in time) and dramatically reduces the overall cost to deploy vs. prior versions of the Buddy Ohm product.

R&D Tax Incentive and Export Market Development Grant

The Company can also advise that it is now in receipt of its 2018 Research & Development (R&D) Tax Incentive as well as an Export Market Development grant with a combined total of A\$1.24 million. The R&D Tax Incentive is an initiative of the Australian Government, and is administered by the Australian Taxation Office and the Department of Industry, Innovation and Science. It encourages companies to engage in R&D benefiting Australia, by providing a tax offset for eligible R&D activities. The EMDG is also an initiative of the Australian Government and is administered by Austrade to encourage small and medium sized Australian businesses to develop export markets.

Weebit Nano Limited Holding

The Company advises investors that it has exited its Weebit Nano Limited Holding, for a sum of A\$407,703.39.

For and on behalf of Buddy Technologies Limited,

David P. McLauchlan

Chief Executive Officer
Buddy Technologies Limited.

About Buddy

Buddy Technologies 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 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.

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