ASX MARKET RELEASE

Buddy Technologies Limited – December Quarterly 4C Review (Q2FY20)

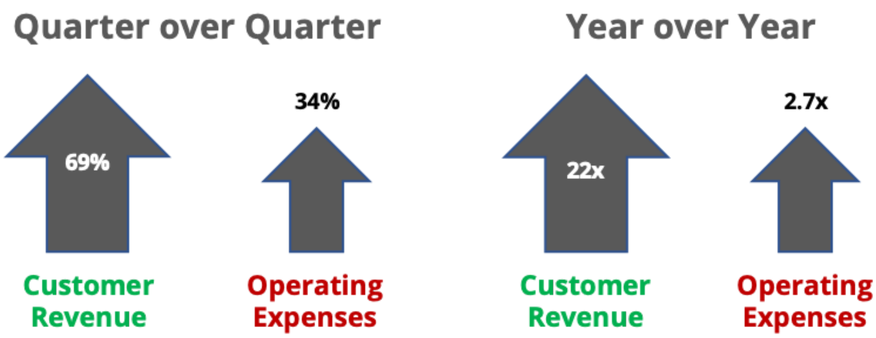
31 January 2020 – Adelaide, South Australia
Buddy Platform Limited (ASX: BUD) ("Buddy" or the "Company"), a leader in IoT and cloud-based solutions for making spaces smarter, has today released its Quarterly Appendix 4C filing for the December 2019 quarter (Q2FY20).

SUMMARY

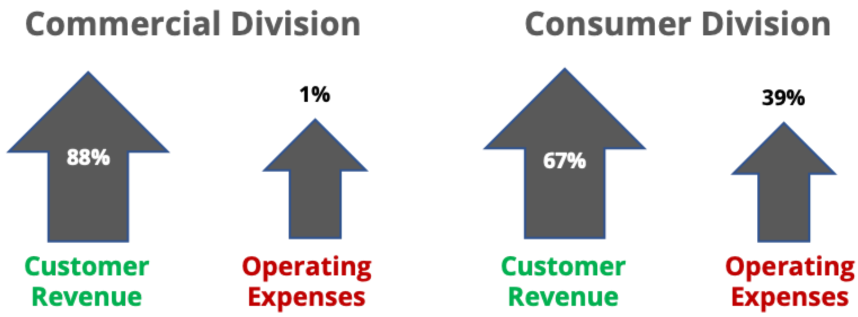
- **Customer revenues: A$13.3 million** for the quarter (up 22x over the prior year due to the LIFX acquisition and up 69% over the prior quarter)
- **Customer cash receipts: A$10.3 million** for the quarter (up 17x over the prior year due to the LIFX acquisition and up 60% over the prior quarter)
- Cash on hand at 31 December 2019 totalled A$3.3 million, trade receivables totalled A$8.2 million and inventories totalled A$7.5 million
    - As of 31 December 2019, the company had utilized A$1.1 million of its trade finance facility and A$2.0 million of its inventory finance facility
- **Adjusted EBITDA: negative A$1.1 million** for the quarter compared to negative A$2.9 million last quarter and negative A$3.3 million for the year-ago quarter
- Final update to previously advised 2019 targets, in the month of December:
    - Buddy Technologies Limited (the "Group") delivered positive A$140k of adjusted EBITDA, thus **achieving the target of profitability at the group level by the end of CY19**
    - Commercial Division delivered positive A$220k of adjusted EBITDA and thus **exceeded its target to break-even by the end of CY19.** In fact, the Commercial Division had positive adjusted EBITDA for the entire quarter
    - Consumer Division **did not achieve its target of 70%-100% year on year revenue growth in 2019** due to 1) the incompletion of material wholesale orders prior to quarter-end (which all remain in negotiation, two of which are anticipated to be completed imminently), 2) the rejection of purchase orders by the Company from retailers, some due to general manufacturing supply shortages, the remainder due to insufficient lead time to build product to meet last minute inventory demands.

* Please note that all FY2020 figures listed are un-audited. Certain downward adjustments to expenses (improvements) have been made to FY2019 figures due to the annual audit.

QUICK LOOK



Quarter over Quarter:



In this quarter, historically the Company's highest by revenue in the year, the Company delivered meaningful increases in revenues while minimizing the increases in expenses - which includes cost of goods sold, and which clearly will increase as revenues increase.

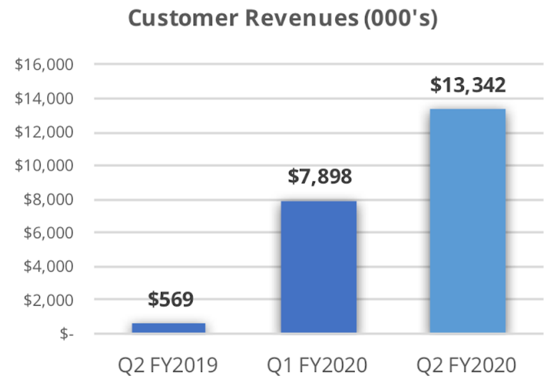
While operating expenses for the Group were up on last year, it should be noted that following the re-organisation of the Commercial division in April, 2019, the entire business is now running at only 2.7x the cost of running just the Buddy Ohm business a year ago - and that includes cost of goods sold in the LIFX business. This underscores the considerable efforts made to streamline the businesses in the wake of the LIFX acquisition and the re-organisation of the Commercial Division.

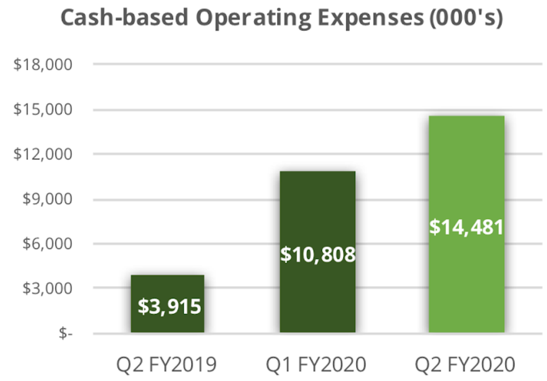
Buddy's Consumer Division (ie: LIFX) saw revenue growth of 67% quarter on quarter due to the addition of over 250 new retail stores in the United Kingdom (refer to the ASX announcement dated 11 October 2019), Comcast increasing their LIFX assortment from 100 Xfinity stores to 176 stores, recent improvements in the performance and conversion of LIFX's family of direct to consumer websites, Black Friday and Cyber Monday promotions and general uplift in demand around the holidays. On the cost-side, this quarter was minimally affected by the ex-factory pricing reductions on lights that took effect in Q4 due to the time necessary to sell through the old, higher-priced inventory. It is anticipated that these cost reductions will directly bolster margins in the future, starting Q3 FY2020.

Buddy's Commercial Division (ie: Buddy Ohm and Managed Services) saw 88% revenue growth paired with almost no change in operating expenses. Most importantly, the Commercial Division achieved positive adjusted EBITDA in the quarter. This was accomplished as a result of a number of Commercial wins, including an agreement to purchase 500,000 licenses to the LIFX platform for commercial lighting (refer to the ASX announcement dated 22 November 2019), the "Powered by LIFX" licensing agreement with DIY Blinds (refer to the ASX announcement dated 25 October 2019), the B2B deal to offer LIFX lights in the Qantas Frequent Flyer Rewards Store (refer to the ASX Announcement dated 8 October 2019), and general growth of the Buddy Ohm business (currently tracking at approximately 8% growth per month), combined with consistent performance in the managed services business (largely Airstream).

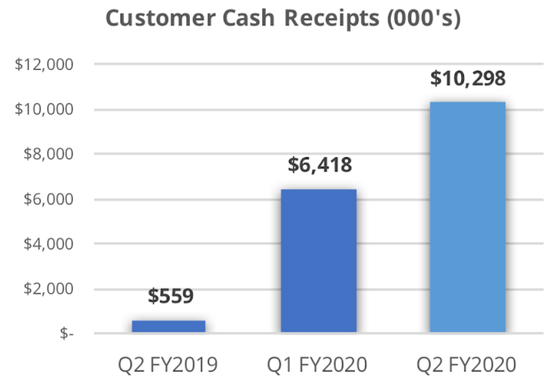
Q2 FY2020 FINANCIALS

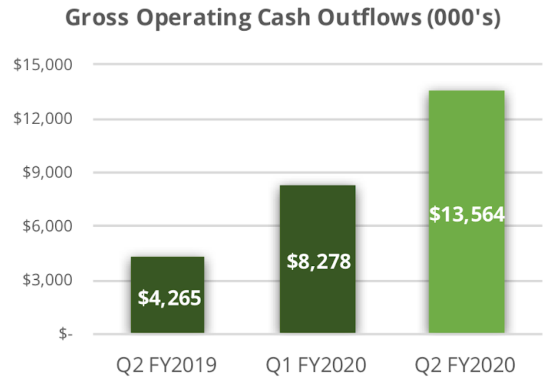
Customer Revenues and Cash-based Operating Expenses





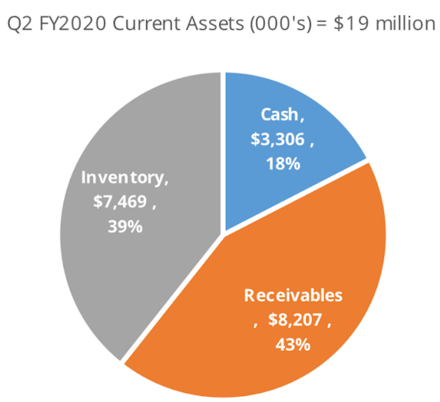
Customer Cash Receipts and Gross Operating Cash Outflows

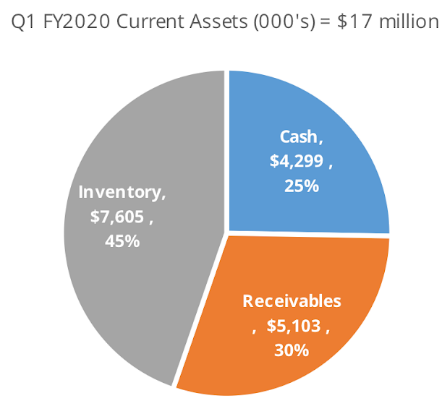




*Cash-based operating expenses exclude any non-recurring items such as acquisition-related costs, restructuring costs, costs relating to finance facilities and any share-based expenses. Gross operating cash outflows are the amounts listed under item 1.2 in the Appendix 4C report.

Cash Position and Current Assets





Current assets increased more than A$2 million quarter-on-quarter while current liabilities (including the trade finance and inventory finance facilities) increased only A$208k. As of 31 December 2019, the company had utilized A$1.1 million of its A$20 million trade finance facility and A$2.0 million of its US$6.0 million inventory finance facility.

OPERATIONAL COMMENTARY

OVERVIEW

As we look back on calendar year 2020, we look back on a year of enormous change for Buddy. Not only did we acquire the LIFX business, which formed our first consumer focused operation, but we recognised that substantial adjustments were required in our commercial business (Buddy Ohm in particular) and so we made major changes in that group, including the installation of Travis Gerber to head up the commercial team worldwide.

On the commercial front, the news is good and continues to get better. We immediately arrested the significant capital losses that the Buddy Ohm team was incurring, we thoroughly streamlined that business, and we set a target to achieve break even in the business by the end of 2019. In fact, Travis and his team achieved positive adjusted EBITDA for this quarter, actually outpacing their target.

Less successful was the attempt to reach our targeted 70% - 100% revenue growth on the consumer (LIFX) side of the business. We failed to meet this target by the end of 2019, and while the business is significantly healthier from a financial perspective (expenses are significantly down, margins are up, promotions have been significantly reduced, direct to consumer sales via online channels are up, loss-leading discounting has been eradicated), there is nobody in the LIFX business nor the Buddy Group that is satisfied with our consumer business performance in 2019.

That all said, while the Consumer group did not achieve its growth goals, it did achieve profitability in the month of December and therefore contributed to the profitability of the group as a whole. While we expect this profitability to dip again in Q3-FY20, we have proved that it can be done, and clearly understand (and are setting a course to) the volumes and economics needed to make profitability continued and sustainable.

From a Buddy Group perspective, it has been strong start for this structure, albeit not quite one year old yet. We were pleased to achieve our target of reaching profitability at the group level by the end of 2019, and look forward to 2020 as we seek to further strengthen the financial position of the Company through growth in both the Commercial and Consumer sides of the business.

COMMERCIAL DIVISION (BUDDY OHM & MANAGED SERVICES) UPDATE

The Commercial Division recorded its best quarter of growth since the reorganisation last April, growing 88% on last quarter to A$1.1 million on only 1% of expenses growth. Especially pleasing is that more than half of that figure - A$640k - is recurring revenue, which is a core focus of the Commercial business. Expenses remained largely flat because 1) additional hiring to support customer growth was largely not necessary, 2) growth in Buddy Ohm revenue (floating between 5% and 8% per month growth, all recurring revenue) didn't require additional resources to service, and 3) substantial new accounts like DIYBlinds can be serviced out of our existing teams in Adelaide and Melbourne.

The Buddy Ohm business hit a milestone this quarter, having reached the point of self-sustainability - ie: the resources allocated to work on Buddy Ohm are fully paid for by recurring revenues from the sales of Buddy Ohm. Furthermore, the Buddy Ohm business grew by 47% during the calendar year, and materially more than that when one factors in the customer churn that followed the reorganisation of the business and team in April (this was healthy churn - removing customers no longer supported by the new product or business goals, and focusing on customers in the markets we can affordably best serve, with problems our product has a good fit solution for). In a sign that the new team and product have found their customer base, there has been no churn in the Buddy Ohm business since June, and the Asian telecommunications opportunity that we've disclosed is a strong example of a fit for purpose application of the "new Buddy Ohm" technology stack to solve an existing and pressing problem in-market.

With the Buddy Ohm business self-sustaining, there is now the opportunity to grow that business with partnerships, with integrations into other parts of the business, and to deeply consider how the consumer side of the Buddy business may benefit from this asset-base. For example, all LIFX lights, and now the new LIFX Switch are themselves Ohm energy monitoring devices, which can collect electricity consumption data. It isn't a large leap to consider the opportunities that await a home-based energy monitoring solution leveraging our consumer footprint and technology assets.

Customer-wise, the Buddy Ohm business continued to add to its roster of well-known clients, with existing customer (and global property management company) Cushman and Wakefield this quarter increasing their Buddy Ohm usage from 2 property sites to 12 property sites, as part of a property management deal for a major telecommunications company. Looking forward, the Buddy Ohm team is in advanced negotiations with a Central American bank to monitor several hundred of their automated teller machines (ATMs), in a move that will provide the perfect case study to showcase Buddy Ohm in the banking sector.

During the quarter, and following strong demand during Black Friday/Cyber Monday, Buddy launched pre-sales on LIFX Switch in both Australia and the U.S. LIFX Switch won several significant "best of" awards at the recent International Consumer Electronics Show in Las Vegas, and demand for this product amongst our retail partners was very strong. In addition to scaling up manufacturing, supporting trade customers with 10 packs and 20 packs, and closing large scale renovation or construction accounts - it is clear that we must imminently begin work on EU and UK versions, as well as multi-gang versions/support for the U.S. market. While it remains very early days for our LIFX Switch product, all signs are pointing to a big year ahead for that business. As a wired-in, professional installation product, it will remain a product of the Commercial business, but draw heavily upon assets within the Consumer business (such as the mobile app for control).

Finally, the Commercial team had their biggest licensing win to date, with the purchase of 500,000 licenses to the Powered by LIFX platform by Shenzhen Eastfield Lighting Co. Ltd. These licenses will permit Eastfield to deploy Powered by LIFX technology into commercial and industrial lighting solutions. These solutions are non-competitive to our consumer product line, and represents only a fraction of Eastfield's annual production of lighting in these categories.

CONSUMER DIVISION UPDATE

Buddy's Consumer Division - ie: LIFX - performed significantly better this quarter than prior quarters, but not at the level sought by management or the Board. As expected, calendar Q4 was the biggest revenue quarter of the year, driven upwards by stronger performances (than prior years) over Black Friday/Cyber Monday and the consumer spending patterns of the holiday season, but these performances were insufficient to reach the growth that the Company had been targeting, and which was initially communicated to the market at the acquisition of LIFX.

In dissecting the result, it is firstly very apparent that there is no shortage of demand for smart lighting, and that we are only just at the start line for adoption of this technology. Different retailers have different perspectives on where on the adoption curve we are for this suite of tech and products, but all agree that there is an enormous opportunity ahead.

It is also clear that LIFX is a highly respected brand, and that a great many consumers are buying recognisable brands over their cheaper counterparts. Countless retailers told us at

CES that return rates on low-end cheaper smart lights are through the roof, and repurchase rates of brand name, higher quality smart lighting products are significant.

To better understand the performance of the LIFX business in calendar 2019, we need to break down the nature of LIFX sales into retail and B2C (ie: direct to consumer via the LIFX website) sales, and large volume B2B sales.

B2B sales are when an entity seeks to purchase a large number of lights in a bulk purchase - possibly for resale, possibly as incentives for business activities, possibly to bundle with other products (or any of a number of other reasons). Two examples of this are Google and Amazon who were seeking to bundle LIFX lights with their voice assistant devices during 2019. We certainly did participate in such bundles to some degree, but due to availability of stock and our supply chain, we were not able to participate in every opportunity that was presented to us. In one instance we had to turn down a 200,000 light order due to an inability to fulfil an order that large, in the very short period of time that we were given to fulfil it (as it happened, the same opportunity was presented to other smart light vendors and they too were unable to meet the timeframe).

Overall our B2B sales efforts are going very well. We have previously disclosed that a significant opportunity was in progress with a major US utility for a significant bulk order of lights. While that opportunity remains in negotiations, it has now become a H2CY2020 opportunity. However, a vastly larger B2B opportunity has been presented to the Company, for which we are now in advanced negotiations. Completion of that deal alone would comfortably achieve all of the Company's 2019 targets, even if not until some number of weeks into 2020. For this reason, the Board and management of Buddy remain very confident of LIFX's current and future prospects, and continue to feel extremely comfortable with the decision made to acquire LIFX in early 2019 and the targets that were then set.

In retail and B2C, we knew we had some work to do. At the acquisition, we knew we had to fix the supply chain issues that LIFX was having - and while we made progress, we did not solve those problems. We also knew we had to cut manufacturing costs and thus lower retail prices and increase retail sell through, and again, while we've made progress (averaging 13% lower cost of manufacturing currently, on the way to 25% or more), we achieved these changes too late to have any effect on 2019 prices and thus sales (although this will of course take effect now in 2020). Finally, we knew we had to renegotiate retailer contracts to turn some US retail accounts from unprofitable to profitable - and we were unable to do that in 2019 (but are very much on track to achieve this in 2020). In short, we had A$14.4 million of customer demand that we were unable to meet in 2019 (for all of the above reasons), and that was a critical miss that we cannot and will not sustain again.

Besides the progress we have made, there is much good news though. We have hired a world class sales leader in Mr. Donald Hicks (formerly of Ring) to take the sales reins in April, and we have lofty expectations that he can replicate the kind of success he's had earlier in his career with LIFX. We will bring to market new pricing, a new go-to-market strategy and a revised retailer strategy that features only profitable retail accounts. In 2018, LIFX drove revenues up in part by conducting unsustainable promotions (two for one giveaways, etc...). In 2019 we stopped all of those, and I'm pleased to say that on Black Friday/Cyber Monday, every promotion we did (and all since) are profitable for the Company. Yes, we sold less product, but unlike 2018, we sold product profitably.

We've been operating with a great deal of fiscal responsibility in the LIFX business, cutting our losses by more than two thirds as we approach consistent break even and profitability. In 2019 we added one new product (LIFX Candle just shipped in time), whereas in 2020 we have a slew of new products coming to market - all of which will grow both our revenue base and customer base. In Europe, we saw a 2.5x growth rate year on year from 2018 to 2019 for LIFX, and we're expecting even greater growth in 2020 as we partner with major retailers across the UK and Continent to break the virtual monopoly of our largest competitor - that's a land area roughly the size of the U.S., with twice the population, just waiting to be disrupted. What's more, we've also taken steps to address some of the seasonality that LIFX has in their business - for example, end of life-ing product and working with retailers to ensure that January product returns from December sales are minimised. We should see the effect of that this month.

Shareholders and investors, while it is true we missed one of our three targets and did not deliver the holiday quarter results for LIFX that we hoped for at the beginning of the year, the fact remains that LIFX has never been in better shape, the prospects for the combined business are as good as they've ever been, and the learnings we've taken from these past 9 months of a combined Buddy/LIFX are being aggressively deployed to ensure a successful 2020. We are very close to self-sustainability of the LIFX business - and have all the assets needed to get there. Of course as those advanced negotiations progress on our B2B deal(s) we will continue to update the market accordingly.

KEY PARTNERSHIPS UPDATE

There were no other material changes to key partnerships.

IMPACT OF CORONAVIRUS ON OPERATIONS

As of today, there is no material impact on the business from the extension of Chinese New Year celebrations in China and the quarantining of certain cities in that country. Should that change, the Company will advise the market by way of further ASX announcements.

BUSINESS UPDATE

In a recent announcement (see ASX release on 10 December 2019), the Company provided an update on the progress of negotiations with an Asian telecommunications company for broad reaching Technology Partnership Agreement focused on the Company's Buddy Ohm assets. The Company can further update investors that negotiations are near final and formal documentation is expected to be imminently executed. The Company will provide shareholders with an update in respect to the progress of this arrangement by way of further ASX announcements.

2019 TARGETS CONCLUSION

1. At year end, Buddy Technologies Limited (the "Group") delivered positive A$140k of adjusted EBITDA, thus **<u>achieving</u> the target of profitability at the group level by the end of CY19**
2. At year end, the Commercial Division delivered positive A$220k of adjusted EBITDA and thus **<u>exceeded</u> its target to break-even by the end of CY19.** In fact, the Commercial Division had positive adjusted EBITDA for the entire quarter
3. The Consumer Division **did <u>not achieve</u> its target of 70%-100% year on year revenue growth in 2019** due to 1) the incompletion of material wholesale orders prior to quarter-end (which all remain in negotiation, two of which are anticipated to be completed imminently), 2) the rejection of purchase orders by the Company from retailers, some due to general manufacturing supply shortages, the remainder due to insufficient lead time to build product to meet last minute inventory demands.

CONCLUSION

In the four year history of the Company as an ASX listed entity, it is hard to imagine a time when so much has been possible, so much opportunity is before us, and yet so frustrating has been our recent history. Shareholders, please know that all of us at Buddy are working around the clock - whether in Adelaide, Seattle, Melbourne, Dublin, Shenzhen, Minneapolis, the Bay Area or Miami… to deliver results that we all can be proud of. On a personal note, I couldn't be more proud of our Commercial Division for achieving the goals they set out to achieve (and for the year they have before them!) and likewise, I have deep admiration for our Consumer Division for their constant hustle, and demonstration of the grit needed to push through to profitability and beyond. With this new quarter and new year, we redouble our efforts.

Thank you all for your continued support.

For and on behalf of Buddy Technologies Limited.

David P. 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 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'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 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 Melbourne (AU), Seattle (US), Shenzhen (CN) and Silicon Valley (US).

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

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Buddy Technologies Contact:
Stuart Usher, Company Secretary
Email: ir@buddy.com

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Buddy Technologies Limited

ABN	**Quarter ended ("current quarter")**
21 121 184 316	31 December 2019

Consolidated statement of cash flows			**Current quarter $A'000s**	**Year to date $A'000s**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		10,298	16,716
1.2	Payments for			
	(a)	research and development	(469)	(936)
	(b)	product manufacturing and operating costs	(7,903)	(10,841)
	(c)	advertising and marketing	(1,690)	(3,119)
	(d)	leased assets	-	-
	(e)	staff costs	(2,639)	(5,371)
	(f)	administration and corporate costs	(863)	(1,575)
1.3	Dividends received (see note 3)		-	-
1.4	Interest & other income received		19	87
1.5	Interest and other costs of finance paid		(812)	(1,017)
1.6	Income taxes received (paid)		(14)	(28)
1.7	Government grants and tax incentives		-	27
1.8	Other		103	103
1.9	**Net cash from / (used in) operating activities**		**(3,970)**	**(5,954)**

Consolidated statement of cash flows		Current quarter $A'000s	Year to date $A'000s
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(21)	(75)
	(b) businesses (see item 10*)*	(519)	(519)
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	50	50
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(29)	342
2.6	**Net cash from / (used in) investing activities**	**(519)**	**(202)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	4,424	9,437
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(180)	(459)
3.5	Proceeds from borrowings	4,768	5,240
3.6	Repayment of borrowings	(6,054)	(6,106)
3.7	Transaction costs related to loans and borrowings	(642)	(1,268)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,316**	**6,844**

Consolidated statement of cash flows		**Current quarter $A'000s**	**Year to date $A'000s**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,299	2,958
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,970)	(5,954)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(519)	(202)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,316	6,844
4.5	Effect of movement in exchange rates on cash held	1,180	(340)
4.6	**Cash and cash equivalents at end of quarter**	**3,306**	**3,306**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,306	4,299
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,306**	**4,299**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	91
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1: CEO Salary (US$62,500. fixed in USD)

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	39,329	13,866
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan facility: **Line of Credit (LoC)**
Total drawn at 31 December 2019: A$10.765 million
Use of funds: Working capital
Lender: Eastfield/Luminous (from acquisition of Lifi Labs, Inc. dba LIFX)
Interest Rate: 12% + 5% on late payments
Secured or unsecured: secured by second position on receivables and inventory
Payment: The remaining balance is due in 2020 and is being renegotiated with the holder.

Trade Finance Facility
Total drawn at 31 December 2019: A$1.071 million
Loan: Trade Finance Facility
Total Facility Amount: A$20 million
Use of funds: Working capital and repayment of above LoC
Lender: Scottish Pacific Bank
Interest Rate: Prime rate plus 6.5%.
Secured or unsecured: secured by receivables
Term: 24 months

Inventory Finance Facility
Total drawn at 31 December 2019: A$2.030 million
Loan: inventory Finance Facility
Total Facility Amount: US$6 million (A$8.564 million at 31 December 2019)
Use of funds: Working capital and repayment of above LoC
Lender: The Challenger Trade Finance Segregated Portfolio of the South Africa Alpha SPC
Interest Rate: LIBOR plus 9.5%. Plus a drawdown fee of 0.5% of the balance drawn, not to exceed 3% in any year
Secured or unsecured: secured by inventory at specific locations
Term: 24 months

9.	Estimated cash outflows for next quarter	$A'000
9.1	Research and development	(470)
9.2	Product manufacturing and operating costs	(3,000)
9.3	Advertising and marketing	(1,230)
9.4	Leased assets	-
9.5	Staff costs	(2,650)
9.6	Administration and corporate costs	(800)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**(8,150)**

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	Lifi Labs Inc. dba LIFX (acquisition completed in March 2019)	-
10.2	Place of incorporation or registration	Delaware, USA	-
10.3	Consideration for acquisition or disposal	No change from previous announcements Amount in item 2.1(b) above represents additional expenses related to acquisition	-
10.4	Total net assets	No change in carrying value of assets from previous announcements	-
10.5	Nature of business	Smart Lighting Technology	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: (Company Secretary) Date: 31 January 2020

Print name: Stuart Usher

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.