



ASX MARKET RELEASE

Update on Australian Market; Impact of Coronavirus

SUMMARY

- Bunnings has made the decision to remove Sengled from its Smart Home Lighting bays leaving LIFX and Signify as the only smart light products alongside the smart home products from Amazon and Google in these bays
- LIFX's Candle Colour has now reached the top 5 selling LIFX SKUs at JB Hi-Fi
- Promotion agreed with Arlo (NYSE: ARLO) and JB Hi-Fi to bundle a 4-pack of LIFX Mini Day & Dusk with Arlo cameras; offer will be available March 5-18
- LIFX has introduced new volume packs of 100mm Downlights which appeal to the trade market, and initial sales have shown this SKU to be amongst the top selling for the Company in Australia
- Separately, an update is provided on the impact of COVID-19 (coronavirus) to the business.

2 March 2020 - Adelaide, Australia

Buddy Technologies Limited ("Company") (BUD.ASX), a leader in IoT and cloud-based solutions for making spaces smarter wishes to offer the following update on both its progress in the Australian market, and the impact of the Coronavirus (COVID-19) on business operations around the world.

Australian Market Update

Bunnings, one of LIFX's top retailers in the Australian market, has made the decision to remove Sengled from its Smart Home Lighting bays, leaving only LIFX and Signify products alongside Amazon and Google smart home products in these bays. Sengled invested heavily in a campaign of aggressive pricing and heavy marketing worldwide, including in Australia. Bunnings' decision reinforces the expectation that customers are willing to pay for a premium product and a seamless experience. It further reinforces LIFX's market position in this category, and reflects similar actions seen in retailers overseas. The Company expects this decision to further enhance LIFX's market share in Australia.

Late last year, the Company introduced LIFX Candle Colour to the market, and we can share that this SKU (stock keeping unit) has now progressed to the top 5 selling LIFX products at JB Hi-Fi. This is especially pleasing, as it is a premium product, and the Company's smallest form-factor "Polychrome" light (meaning it supports multi-zone colour in a single bulb).

The Company has agreed a joint (net-profitable to the Company) promotion with Arlo (NYSE: ARLO) and JB Hi-Fi that delivers customers a free 4 pack of LIFX Mini Day & Dusk with the purchase of either an Arlo Ultra 3-camera kit or an Arlo Pro 3 4-camera kit. Retail data shows that consumers that purchase smart lighting are more likely to purchase additional smart home products (whereas consumers that purchase other smart home products are more likely to buy only those products and wait before they further expand their smart home installations). For this reason, smart lights are an attractive product to bundle with any smart home product, and the Company expects to do more of this bundling in 2020. This promotion will be available 5-18 March in JB Hi-Fi stores nationwide.

Finally, the Company has launched volume packs of its popular 100mm LIFX Downlight. These volume packs are targeted at trade customers, and those performing renovations or lighting overhauls in their home. Initial sales of these packs have been very strong, reaching amongst the top SKUs for LIFX in Australia.

Coronavirus (COVID-19) Update

The Company advises that production of the LIFX Switch has been impacted by the coronavirus, with delays to glass manufacturing, component supply and packaging. The manufacturer of LIFX Switch resumed production last weekend, and once the Company understands the impact on delivery schedules from these delays, it will communicate new shipping dates to customers and update the market by way of further ASX announcements.

Encouragingly, the Company's manufacturer of LIFX smart lighting products, located in Shenzhen, China, has been online and operating at 50% capacity for the past two weeks, and has provided guidance that it expects to be back at 80% capacity from today. At the present time, while there may be localised short-term shortages on a small number of product lines in particular markets, the Company expects minimal impact from the coronavirus shutdown on production of the remainder of its LIFX smart lighting products. Further, by leveraging existing stock on hand, the Company anticipates that supply to retailers is not expected to be materially impacted. Given the fluidity of the situation, however, any changes to this situation will be communicated by way of further ASX announcements.

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), Dublin (IE), Shenzhen (CN) and San Francisco (US).

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

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